

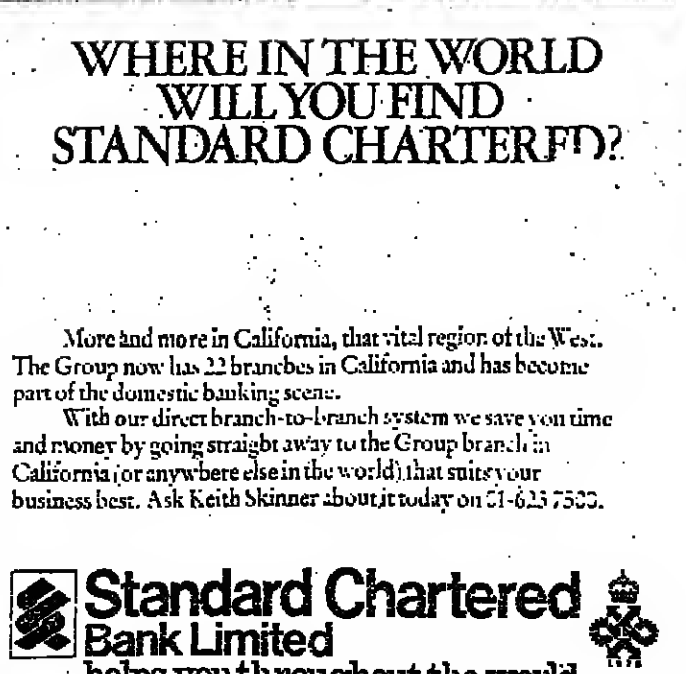
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HOME NEWS

Immigration analysis shows that moves to cut the inflow would clash with commitments

By Peter Evans

The difficulties a government would have in reducing immigration from the New Commonwealth and Pakistan without going back on commitments are disclosed by a new analysis of immigration figures.

Some clues to Conservative thinking may be given by a parliamentary question asked by Mr Keith Stued on December 1. He asked what proportion of 1976 total of such immigrants allowed to settle in the United Kingdom were not wives and children, or men holding British passports.

The answer from Mr Rees, Home Secretary, was 35 per cent. The Joint Council for the Welfare of Immigrants (JCWI) regards that as roughly equivalent to the figure of 20,000 that the Conservatives are said to be looking at as a possible target for cuts.

The biggest component, according to the JCWI, is 6,630 people immune from deportation. Their immunity was granted under the Commonwealth Immigration Act, 1971, to Commonwealth citizens who had been settled here for five years on January 1, 1973.

The government had been extending their stay but Mr Alex Lyon, when Minister of State at the Home Office, recognized their immunity by removing conditions of stay. Included in the settlement figures by a statistical quirk, they will not be included in the following years. They include such people as students who had been here for five years.

The next biggest figure is

6,519 husbands. As a result of a change in the rules in 1974, women settled here were allowed to bring their husbands. The change was in line with moves for women's equality of opportunity.

Also included in the 20,000 total are 543 "grand-parents", Commonwealth citizens with a grandparent born in the United Kingdom. The concession was intended mainly for Canadians, New Zealanders and Australians not wishing to sever ties with Britain.

There are 213 people, like doctors, who have completed four years' approved employment, and 2,100 women holding United Kingdom passports, leaving only a further 4,589 other people. They include a few elderly parents, dependent children over 18, distressed relatives and other compassionate cases.

Another suggestion is that the Conservatives should compile a register of dependants of settled immigrants. It could be used as a basis for ending the commitment to such categories. But the Franks committee concluded that a voluntary register would not work.

A compulsory register, the committee found, would run into humanitarian and legal objections. "They flow from natural human concern for families should be prevented from living together, an affront to the belief that those settled here should have the reasonable expectation, unless given clearly to the contrary, that their families will be allowed to settle with them."

These are embodied in the immigration law of this

country, and find expression in the European Convention on Human Rights, and the fundamental freedoms.

The committee calculated that in 1975 the categories of acceptances for settlement that could and should be covered in a register made up only about 35 per cent of the total.

Such a register, the committee said, could take no account of such categories as the unborn child, or a man's future wife whom he had not met, or a parent or grandparent who was not yet dependent but might become so, and those who did not take up their entitlement to come.

Voluntary repatriation has been suggested by Mr Powell. Evidence given by the Office of Population Censuses and Surveys to the select committee on Race Relations and Immigration on May 12 last year shows the extent to which the migration from the west Indies has gone into reverse. From mid-1971-76 5,000 more people with West Indian citizenship emigrated from the United Kingdom than immigrated here.

Two schemes already assist immigrants wishing to leave. One, run by the International Social Service under the Immigration Act, 1971 can pay fares of people who have failed to settle and in whose interests it would be to return home. The other, run by the Home Office, only 965 people in 345 families had left under the scheme, mostly to the West Indies and West Africa.

Since 1973 another 530 people have been helped to leave under a scheme run by

the Department of Health and Social Security. One condition is that the immigrant has no prospect of making a success of his life here; another that payment of the fare can ultimately save public funds.

Another issue arising from Mr Thatcher's interview is the estimate that four million people of New Commonwealth and Pakistani origin might be living here by the end of the century. The figure is assumed to come from the Franks report, which put it tentatively at 3,800,000.

But Professor William Brass, professor of medical demography at the London School of Hygiene and Tropical Medicine, predicted in a BBC television programme that the figure would be 3,300,000. He emphasized the fall in fertility among West Indians, now only marginally higher than for the white population. Wolverhampton fear: Mr John Bird, the Labour leader of Wolverhampton council, said Mrs Thatcher's remarks about immigration were bound to make things worse in the town (Robert Parker writes).

He recalled that on Friday night police struggled to separate about 150 West Indian youths from white youths who were leaving a public house in the town centre.

The police, having separated two groups, were later attacked by some West Indians. Five policemen were hurt and seven people arrested. Mr Bird said that Mrs Thatcher's remarks were an election gimmick and that she was doing the National Front's job. *Leading article, page 15*

Mr Orme urged to extend aid to children overseas

By Pat Healy

Social Services Correspondent

Race relations will be badly damaged if the Government implements plans to withdraw child tax allowances for children overseas when child benefits for those in Britain go up in April.

That warning was given yesterday when a deputation from ethnic minority organizations urged Mr Orme, Minister of State at the Department of Health and Social Security, to extend child benefit to dependants overseas of parents working here.

Tax-free child benefit is usually paid to the mother. The April increase to £2.30 a child will be financed partly by a reduction in the child tax allowance claimed by the

father. A family in Britain will gain 67p a week for one child, £1.01 for two, £1.35 for three, £1.69 for four.

Parents with dependent children overseas will lose part of their child tax allowances, but they cannot claim child benefit instead. They will lose £1.30 a week for one child, £2.60 for two, £3.92 for three, £5.23 for four. Allowances are claimed for about 500,000 children living overseas.

Families most affected will be those from New Commonwealth countries.

The deputation represented the Commonwealth Taxpayers Association, the Joint Council for the Welfare of Immigrants, the National Association of Community Relations Councils, and the Child Poverty Action Group.

Union leaders' warning on National Front campaign

By Paul Routledge

Labour Editor

Two trade union leaders yesterday called on workers to attempt to win supporters in the Labour movement.

Mr Ywen O'Brien, general secretary of the National Graphical and Media Personnel (Natsopa) devoted the entire front page of his union's journal to "this threat to the trade union movement and the very fabric of our democratic system."

Mr Tom Jenkins, general secretary of the Transport Salaried Staffs' Association (TSSA), asked white-collar rail employees to report racist literature.

Mr O'Brien expresses grievous concern at the National

Front and gives a warning against the idea "that this can't happen here".

Reactionary and evil forces are using racial and religious discrimination as a platform to smash "all that we and our forefathers have fought for," he said.

Commenting on Judge McKinnon's references to "niggers, wogs and coons", Mr O'Brien argues that the National Front is the spectre of racialism in offices, factories and the streets, "with all the evil that the National Front can bend their minds to."

In his appeal, Mr Jenkins said: "The TSSA has consistently made clear its abhorrence and opposition to any form of prejudice based on the colour or creed of individuals."



Mr Patrick Neill: "I am no crusading spirit."

Lawyer don't to oversee the press

By Peter Strafford

Mr Patrick Neill, QC, Wardens of All Souls College, Oxford, is to be the new chairman of the Press Council, succeeding Lord Shawcross, QC, on October 1. By his own account, he will take a cautious approach to the job and will not try to introduce any startling reforms.

"I am no crusading spirit," he said yesterday in an interview. "I do not consider that there are Augean stables that have to be cleaned out. As a lawyer, I simply have preconceptions about fairness, and the standards that should be maintained."

Mr Neill, who is 51, was appointed by a formal decision of the Press Council yesterday. He will be the first chairman to take office after the recent report of the Royal Commission on the Press, which recommended that the Press Council should continue to exist on broadly the same basis as it has in the past, except for changes in its membership.

There was evidence that the council had done a good job. Mr Neill said that it should be kept in existence. There had been an improvement in the standards observed in the press in its attitude to privacy, and he thought that was the result of the council's activities.

The function of the council, in his view, was to "preserve and improve standards." That was an area where the law could not enter, since the council could only give advice. It would work only if the adjudications were honoured by the press.

Mr Neill has been associated with All Souls since 1950, when he was elected to a prize fellowship there. But he has also been active as a lawyer and has become one of the leading figures at the commercial bar.

He achieved a certain prominence as defending counsel in the case against Lord Alton of Liverpool in the 1960s. He also took a strong stand against the European Communities Act, 1972, by which Britain joined the EEC, arguing that it had overthrown constitutional law and tradition.

A tall, courteous man who chooses his words carefully, he said he saw no difficulty in combining his new job with being a Ward of All Souls. "All Souls has always liked to associate the academic world with the world of reality," he said.

He has not had any association with the press hitherto, and is cautious about tackling some of the more burning issues. He has not, for instance, closed shops. Perhaps he will, at some point, he says, but he thinks that that is an area the Press Council should keep out of.

Mr Neill is married and has three children. His hobbies are music and forestry.

Dismissed police chief gets full pension rights

Mr Edmund Garvey, who was dismissed as Commissioner of Police in the Irish Republic, should have known that he was about to be dismissed, Mr Lynch, the Irish Prime Minister, said yesterday.

Mr Lynch, in the first public government statement on the controversial dismissal, said Mr Garvey must have been aware for some time that the Government was concerned about the way he was running the police. The Prime Minister also disclosed that the former commissioner was to receive a severance pay of £22,500, plus full pension and gratuity rights.

Mr Garvey said at his home in Dublin yesterday evening: "The matter is in the hands of my legal advisers and I shall be meeting them tomorrow for a crucial consultation."

Islanders 'not to blame' in murder

Islanders in the Shetlands "have nothing to blame themselves for" over the death of Stephen Menzies, aged 19, beaten to death by his father, the youth's eldest brother, William, says in a letter addressed to them all. Mr Justice Lindsay, failing the father for life last year, said not a soul on St Mary's except a dentist had helped the boy. Mr William Menzies, however, wrote: "No one really knew what he was doing to Stephen except one of my sisters, and she was scared of my father."

'Reveille' stopped for the second week running because of a pay dispute affecting members of the National Graphical Association, Mirror Group Newspapers said last night.

Walk-out at hospital after porter's death

By John Roper

Health Services Correspondent

The result of a post-mortem examination of a porter at Westminster Hospital, London, whose death in the casualty department led to a walk-out by domestic staff, should be known today.

Shop stewards of the National Union of Public Employees instigated an unofficial action, maintaining that the porter, Mr Loreto Galano, a Filipino, aged 35, had been left without medical attention for more than an hour.

A regional hospital board official said yesterday that Mr Galano was admitted to the casualty department at 9.30 am with a general letter from his general practitioner. He was seen at about 11 am and the examining doctor asked for those who were still waiting when Mr Galano collapsed at about 1 pm.

The hospital said that if the unofficial action continued, a halt to admissions would have to be considered in a day or two.

The Department of Health and Social Security said a complaint had been received from the union's officials at Westminster Hospital, but there had been no formal request for an inquiry.

Ancillary services at the hospital and two others in the group were disrupted by the walk-out, but the hospital authorities disputed the allegation that two hundred members of staff had walked out. About five hundred are employed, and an official said that only 75 of the day staff had not reported for duty.

Mr James Morris, branch secretary of the union, said the delay in treating Mr Galano was not an isolated incident. His members wanted a public inquiry and an inquiry into the running of Westminster Hospital.

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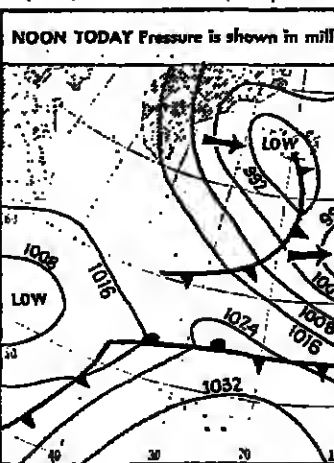
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Pressure for vote for Britons in EEC countries

Conservative MPs, with some support from other parties, are increasing their pressure on the Government for British subjects resident in other EEC countries to have the right to vote in direct elections to the European Parliament.

Mr William Whitelaw, deputy leader of the Conservative Party and spokesman on home affairs, has tabled an amendment to the European Assembly Elections Bill seeking to allow proxy votes to people who are on the electoral register in the United Kingdom but are living in another EEC country.

Weather forecast and recordings



NOON TODAY Pressure is shown in millibars. Fronts (solid lines) are advancing edges. High (H), low (L), cold (C), warm (W), dry (D), moist (M), clear (C), cloudy (CL), rain (R), snow (S), fog (F), hail (H), drizzle (DZ), showers (SH), squalls (SQ), thunderstorms (TS), heavy rain (HR), heavy snow (HS), heavy fog (HF), heavy hail (HH), heavy drizzle (HDZ), heavy showers (HSH), heavy squalls (HSQ), heavy thunderstorms (HTS).

Today Sun rises: 7.40 am. Sun sets: 4.30 pm. Moon rises: 11.5 am. Moon sets: 11.8 am. New moon: February 7, 11.8 am. Lighting up: 5.20 pm to 7.8 am. High water: London Bridge, 6.31 am, 6.6m (21.7ft); 7.13 pm, 6.5m (21.3ft). Avonmouth, 11.34 am, 10.7m (35.2ft). Dover, 8.49 am, 6.1m (20.0ft); 4.30 pm, 5.7m (18.8ft). Hull, 11.23 am, 6.1m (19.9ft); 11.43 pm, 6.2m (20.5ft). Liverpool, 4.12 am, 6.8m (22.3ft); 4.35 pm, 8.0m (26.3ft). A deep low will move E across the British Isles. Forecast for 6 am to midnight: London, SE England, East Anglia, Midlands, S. Wales, A. Wales, heavy at times; wind W, strong; max temp 6°C (43°F). Central & SW England, Channel Islands: Rain, heavy at times, clear intervals later; wind W, strong; max temp 7°C (45°F). NW, Central N. NE England, Wales, Lake District, Isle of Man, Borders, SW Scotland, N. Ireland: Rain, heavy at times, some sun on hills; wind SE, fresh; max temp 6°C (43°F).

Yesterday London: Temp: max. 6 am to 6 pm, 5°C (41°F); min. 6 pm to 6 am, 0°C (32°F). Humidity, 6 pm, 89 per cent. Rain, 24hr to 6 pm, 0.66in. Sun, 4hr to 6 pm, 11.00z. Mean sea level, 6 pm, 1,002.5 millibars. 1,000 millibars = 29.53in.

WEATHER REPORTS YESTERDAY MIDDAY: C, cloud; F, fair; R, rain; S, sun; S, sleet; SN, snow.

Location	Temp	Wind	Cloud	Precip
London	12.5	W, 10	CL	0.1
Edinburgh	10.0	W, 10	CL	0.1
Glasgow	10.0	W, 10	CL	0.1
Manchester	12.0	W, 10	CL	0.1
Birmingham	12.0	W, 10	CL	0.1
Cardiff	12.0	W, 10	CL	0.1
Belfast	10.0	W, 10	CL	0.1
Newcastle	10.0	W, 10	CL	0.1
Sheffield	12.0	W, 10	CL	0.1
Nottingham	12.0	W, 10	CL	0.1
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Public sector seeking to match private industry's pay rates

By Christopher Thomas
Labour Reporter

Public sector pay bargaining moved into a critical phase yesterday when Civil Service unions and railway workers presented claims that seek at least as much as the "going rate" in private industry.

The state-run Gas Corporation gave 40,000 manual workers a revised offer that still falls short of the Cabinet's 10 per cent earnings policy, and unions will give their response on February 22.

A consortium of seven Civil Service unions lodged an unspecified "substantial" claim, but made clear that they would not accept less than 10 per cent on earnings.

The other two Civil Service unions, the Civil and Public Services Association (CPSA) and the Society of Civil and Public Servants, are about to lodge claims that greatly exceed the Government's 10 per cent policy.

The 500,000 non-industrial civil servants are due for a rise in April, as are the railway workers. Both want consolidation of the phase one and two increases into basic rates so that they count in overtime and bonus calculations. That would substantially increase earnings on the railways, but overall in the Civil Service its impact on the total wage bill would be small, perhaps no more than 0.5 per cent.

The CPSA claim ranges from 14 per cent to 24 per cent for different grades, and the society, which will present its demand today, has been talking in terms of 20 per cent to 30 per cent.

The likely response from the Civil Service Department is to offer an identical increase to all unions, which obviously will be within the 10 per cent guidelines. Six or 7 per cent on basic rates appears to be the likely first offer.

The Consortium of Civil Service unions told the Civil Service Department that it should have used the statutory code of discipline, which carries a right of appeal to the Home Secretary after two preliminary stages and ensures full staff during suspension.

The union says the men have been disciplined under the council's staff code, which gives them only the right of appeal to the fire brigades committee, and have been suspended without pay pending appeal.

An emergency meeting of the union's London regional committee, at which a recommendation for a strike by all London's 6,400 firemen was to have been tabled yesterday, has been postponed until Friday.

Court plea by firemen's union continues today

By a Staff Reporter

An attempt by the Fire Brigades Union to obtain a High Court injunction against the dismissal of six London firemen was adjourned until today after a two-and-a-half hour private hearing before Mr Justice Jupp yesterday.

The injunction, which is sought against Mr Peter Darby, London's chief fire officer, and the Greater London Council, centres on the procedure employed by the council. The men were dismissed after being fined by magistrates for theft during the firemen's strike.

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Theatres in peril, 3: Manchester must decide between the Palace and the Opera House

By Martin Huckerby
Theatre Reporter

A last attempt to save the Manchester Opera House as a home for live theatre is being mounted, with some success, by the owners, Howard and Wyndham.

In recent months the conflicting claims of the Opera House and the other big Manchester theatre in danger of closure, the Palace, have been canvassed by various groups, well aware that there are neither adequate funds nor enough touring shows to preserve both.

The Arts Council and leading touring companies strongly support the Palace, as the theatre most easily converted to take even the largest touring companies. When it was announced two weeks ago that a businessman had bought the Palace, with the aim of handing it over to an independent trust, the issue seemed settled.

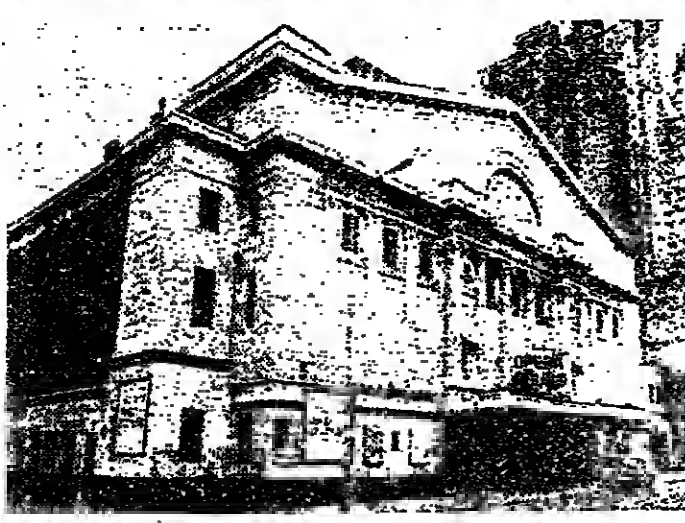
But the purchase from Moss Empires was conditional on backing from the Greater Manchester Council, which has offered £150,000 to help to save one of the theatres, plus £15,000 a year towards running costs.

The council's arts and recreation committee has long favoured the Opera House, but it was presumed that members would change their minds, especially as the man behind the Palace purchase, Mr Raymond Slater, a director of the Norwest Holst property

company, had himself favoured the Opera House until he became convinced that the Palace was the one to back.

However, the heads of Howard and Wyndham went to Manchester to lobby committee members, and their efforts bore fruit. When the committee met last week it deferred any decision, despite pressure from the council's leadership, to back the Palace.

On Monday it met again, hearing evidence from all the parties involved, but after talks lasting the whole day agreement was not reached. Another meeting has been arranged for next



The Opera House: soon a bingo hall?

Monday when, after viewing the two theatres, the committee hopes to reach a decision.

As one observer commented: "It's the longest running show in town."

Mr Jack Phillips, director of touring for the Arts Council, said the crucial issues were the width of the proscenium arches in the two theatres and the amount of space in the wings.

The Palace arch was several feet wider than its rival, and there was plenty of room in the wings.

"No one wants to go against local opinion but the space at the Palace is fantastic," he said.

Given enough contributions, including money from the Greater Manchester Council, work would begin in June and ought to be completed early next year.

The Opera House, with its listed facade, must appear to keep the buildings open and the seats full.

The Arts Council has done much, not least by ensuring that such companies as the Royal Opera House have no excuse to avoid touring, but the future also depends on the unsubsidized companies. Commercial managements will have to display a little more nerve in mounting touring productions if the provincial theatres are to flourish.

Concluded

Proposed tripartite Schools Council to have more lay representatives

By Diana Geddes
Education Correspondent

A new tripartite structure for the Schools Council for examinations and curricula was approved by the council's governing body yesterday.

The two representatives of the Association of Principals of Colleges and the single representative of the Association of University Teachers were the only dissenting voices among the 77 members on the governing council.

Formal resolutions to revise the Schools Council's constitution will be put to the next meeting of the governing council on April 20, which will be chaired by Sir Alexander Smith, the present chairman.

Sir Alexander had announced his intention to retire immediately after yesterday's meeting, but Mrs Williams, Secretary of State for Education and Science, has not yet found a successor to the unpaid and taxing post.

At her request Sir Alexander has agreed to continue as chairman until April 20.

Under the proposals approved yesterday the present teacher-dominated governing body would be replaced by three smaller interdependent committees: convocation, on which 12 teachers would have five fifths of the 56 places and lay interests, such as parents, trade unions and industry, would have increased representation.

The professional committee, on which teachers would have three fifths of the 37 places; and the professional and finance committee, on which teachers would have 11 of the 28 places, the local authorities, seven, and the Secretary of State for Education and Science, eight.

Mr L. A. Layton, of the Association of County Councils, welcomed the proposals, in particular the recognition they give to the increasing interest lay people have in schools.

Mr John Hudson, Deputy Secretary at the Department of Education and Science, said the proposals were inevitably a compromise, which had emerged after protracted discussions in the review body set up by the council. No party had got exactly what it wanted, but the department had decided to support the proposals and would try to make them work as well as possible.

Professor W. V. Wallace, of the Association of University Teachers, expressed concern that the finance and priorities committee would be the new governing body to the proposed tripartite structure. The review body's report made it clear that that committee would determine, advise and recommend, he said.

The inevitable consequence would be that the outside lay interests, would find ample opportunity to speak but virtually none to exercise power.

Sir Alexander, in his opening statement to the governing council, said that those who tried to write convocation off as a mere talking-shop were missing the point. It was part of a structure that provided staff work and was a working body through which issues could be developed and pursued.

A different power lay with each of the three committees. None would be able to ignore the views of others. While it was technically true that the finance and priorities committee could set aside the views and recommendations of convocation, he could not imagine that that would be lightly done.

Funds for the purchase have been given by Sir John Benjamin, the Crown for the National Trust. Local craftsmen will be recruited to restore the building and replace its stained glass windows, which were shattered by one of the early bombs.

The admirers of its elaborate, tiled exterior and ornamental marble bar, with carved and painted stags, is Sir John Benjamin, the Crown for the National Trust. Local craftsmen will be recruited to restore the building and replace its stained glass windows, which were shattered by one of the early bombs.

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'Gold of El Dorado' for display at the RA

By Our Arts Reporter

An important exhibition of Pre-Columbian treasures at the RA, "The Gold of El Dorado," opens at the Royal Academy next November as the main winter exhibition. It will be presented by Benson and Hedges in association with Times Newspapers and the Royal Academy.

The exhibits will be drawn largely from the collection of the Museo del Oro in Bogota, Colombia, which comprises the largest number of pre-Hispanic gold items, survivors of the ravages of conquistador and tomb robber. Some of the finest pieces will appear in London.

The quest for gold was the motivating force behind the Spanish invasion of the Colombian Andes in the sixteenth century.

It will be the most comprehensive exhibition of its kind ever to have been seen outside Colombia: for centuries the artistic and technological merit of the pieces produced by very primitive society has astonished artists and craftsmen.

The long-term existence of these treasures depends on the availability of enough shows to keep the buildings open and the seats full.

The Arts Council has done much, not least by ensuring that such companies as the Royal Opera House have no excuse to avoid touring, but the future also depends on the unsubsidized companies. Commercial managements will have to display a little more nerve in mounting touring productions if the provincial theatres are to flourish.

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Journalists suspended in pay dispute

By Our Arts Reporter

Thirty-three journalists on the Kent Express were suspended yesterday after a pay dispute with the Kent Express.

The Kent Express, which is owned by the Kent Newspapers, said the journalists were suspended because they refused to accept a 10 per cent pay rise.

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Minor safety modifications to gas-cooled reactors

By Pearce Wright
Science Editor

Some modifications to the design of the advanced gas-cooled reactors (AGR) will be needed for the two nuclear power stations authorized by the Government last week.

The changes, to improve safety standards, were outlined yesterday by Mr Ronald Gaudin, Chief Inspector of Nuclear Installations, when he introduced the first report of the Nuclear Installations Inspectorate to the Atomic Energy Commission.

The most important change will allow more space for monitoring and inspecting the concrete pressure vessel and the boilers and gas-cooling circuits in contact, which surround the nuclear core of the reactor.

The alterations are required in light of experience with AGRs completed at Hinkley Point B and Hunterston B stations. Experience with the first AGR, yet to be completed at Dungeness B, has highlighted another difficulty when serious faults go long to build, plant and equipment installed at an early stage deteriorate and need to be refurbished.

None of the design changes is regarded as major work. A similar situation exists over the pressurized water reactor (PWR) which the Central Electricity Generating Board is studying for a possible third station on which construction would start in 1982.

The report published yesterday explains the main sources of corrosion of fuel and of nuts and bolts in a reactor and identifies the type of welds where cracks occur in boilers and pipework.

Modifications have been made to the methods for shutting down a reactor. The primary method is to insert boron steel control rods into the reactor core.

One inspection showed corrosion in the mechanism. The official of the shut-down method was not impaired, but the mechanism was totally replaced. Some changes in the design of control systems have followed.

Under a mandatory scheme to report dangerous occurrences, accidents and failures, the report includes two incidents at Almagro stations. They involved releases of carbon dioxide from the reactors in quantities capable of causing serious injury to people.

The report says faults and failures occur as they would in any complex plant. Reactors suffer occasional unscheduled shut-downs or "trips" from a wide range of causes, such as false faults on protective equipment, operator errors and faults in conventional non-nuclear equipment.

Ten selected incidents are cited. They include equipment failure during the removal of a control rod, which caused a leak of hot gases that damaged associated equipment. A burst pipe in an effluent-treatment building caused a spillage of a few litres of radioactive liquid.

Spontaneous ignition of a uranium fuel element during a laboratory examination for defects caused radioactive damage when it was put in the laboratory fuel pond.

The agreement was vetoed by the Department of Employment after it had been signed by the employers and the Electrical, Electronic, Telecommunications and Plumbing Union.

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Electricians' pay dispute affects jobs in North

By Our Labour Staff

Protest action by electricians is affecting many jobs in construction and development projects, particularly in the North of England.

The dispute is over a payment the Electrical Contractors' Association, which represents employers, wants to give to workers whose incentive payments do not apply. The Department of Employment, which initially ruled out the payments, completely, said yesterday that the employers could pay part of it.

Thousands of electricians are on strike in the North, and others are working to rule. The employers say that to give the award in full would breach the guidelines but have had to heed a government warning: if the full payment was made.

GoldST EUROPE Doradnew force in Italian for dispolitics is created at theCatholic revival

Peter Nichols
Jan 31
Mr Andreotti, the Prime Minister-elect, who has now patiently into his second of formal consultations of a new government, is the most coolly possessed of Christians. Ironically, it is he who must deal with a new renaissance of the Catholicism on the left and on the right, among some fellow-Catholics.
Catholic revival is now to be reckoned with at a national level. It is by no means a simple reinforcement of Christian Democracy, which has always been a political party on the right of the Roman Catholic Church. But sooner or later Christian Democrats will deal with its implied majority.
The latest example of this is the rapid collection of signatures to back a referendum measure, success follows an already strong showing of Catholic lists in the schools at the end of last year won a comfortable majority.
After the election, before the general election, a Catholic group calling itself the "Movimento per la Libertà e la Pace" was remarkably successful in concentrating its efforts on individual Christian candidates and, at election, stimulating to follow the tenets of the movement. These include Catholicism and faith in social democracy, a clear distinction between government and religion, and on recognizably Catholic values as less than another power, the "Communione e Liberazione" movement, which left, there has been a sensation for some now of practically a right invested in the lists to contribute to the ruling of other parties in the country. It is in the country, the Communist leader, Enrico Berlinguer, is apt to be passionate in private, also the central issue in the country. This is a series of Christian Democrats, it has its spontaneous.

Sham Greene pleads for ained E German critic

Our Own Correspondent
appeal signed by five own writers and a com-
the release of Herr Bahro, a principal critic of East German regime, in the Times letters day. Herr Bahro was last August.
The letter originated from the non-owned publishing high prints Herr Bahro's in West Germany. It is by Arthur Schlesinger, Greene, Heinrich Böll, Grass, Carola Stern and Heodorakis.
The letter says that as Herr Bahro is a Communist and a pro-
drawn up by a group of German dissidents is to have led to greater of known and sus-
critics inside East Ger-
ugh it is thought not at Herr Bahro was in the manifesto, it oany of his ideas and ought to be an inspirer critics. East German sals who have come the West have ex-
fears that his captors

million visit Pompidou centre

Murray
31
ix million visitors are enough of success. all the statistics that en compiled to cele-
first birthday of the Georges Pompidou arts n Paris, that of the nber of visitors is the king and the most im-
wps have worn out their feet, 3,000 refer-
has been thumbed s; 1,700 long-playing have been ground to y the crowds. Every French and foreign rs are reduced to the library. There is a queue for everying have to be l every Tuesday, it it closes, to keep it.
ally there can be no at the centre has suc-
eyond the dreams of President Pompidou, ea it was to create a al palace in the mid-
s which would help aris for the city the n of being the West-
id's chief artistic in-
ing unusual architec-
slowly becoming y Parisians, although ght of all those red, ue, orange and silver sic escalator tunnels ashamed
not fail to shock the ho has just strolled d from Notre Dame. stant success of the s caused problems for s, however. Many

European space team visits Britain

By Our Science Editor
The four scientists from whom West Europe's first man in space will be chosen began a visit yesterday to some of the laboratories in Britain preparing equipment for experiments on manned and unmanned spacecraft. All passed the fitness test last week at the medical centre of the National Aeronautics and Space Administration, in Houston, Texas.
One of the four will be chosen as a member of a new generation of scientific astronauts who will work with United States astronauts in the first space laboratory mission in 1980. They will prepare and handle the instruments used in orbiting laboratories.
The European candidates, all of whom took physics as their



The first West European in space will be one of these scientists visiting a laboratory in Surrey yesterday. They are, left to right: Dr Claude Nicollier, of Switzerland; Dr Franco Malerba, of Italy; Dr Ulf Merbold, of West Germany; and Dr Wubbo Ockels, of The Netherlands.

first degrees, are Dr Franco Malerba, aged 31, of Italy, an engineer in the computer development field; Dr Ulf Merbold, aged 36, of West Germany, working at the Max-Planck research institute in Stuttgart; Dr Claude Nicollier, aged 33, of Switzerland, a visiting astronomer to the European Space Research and Technology Centre at Noordwijk, The Netherlands, and also a pilot; and Dr Wubbo Ockels, aged 31, of The Netherlands, who is engaged in research and teaches at Groningen University.

Defence cuts limit new gun's scope

From Peter Hennessy
Narvik, Jan 31
The new, light 105mm gun, mainstay artillery support for 45 Commando Group on Nato's northern flank in Norway, is failing to live up to hopes, because of the shortcomings of supporting equipment.
The heavy-lift Puma helicopter, which should have carried the weapon, has not gone into service with the Royal Navy as planned because of defence cuts. The gun is too heavy to be transported by the ageing Wessex helicopter, on which the Royal Marines must now rely.
Operations in the Narvik area this week have brought out this shortcoming, despite assurances from the Government that expenditure cuts would affect the "tail" but not the "teeth" of Britain's defence capacity.
The 105mm gun has several advantages over the pack howitzer, the weapon it replaced. Its range, for example, is

17,000 metres compared with 10,000 metres. But the howitzer could be dismantled in three sections and carried in a Wessex.
The new gun weighs 4,200lb, 1,400lb more than the howitzer. It can be towed along level ground by the Volvo BV 207 Bandwagon snow vehicle but not up steep inclines.
Lack of funds requires the gun to be moved on wooden skids that frequently break, rather than on tracks.
British forces are particularly resentful of the deficiencies in view of the overwhelming artillery superiority enjoyed by the Warsaw Pact forces.
On the credit side, however, the Norwegian Government is to allow the Marines to store vehicles, equipment and ammunition on their territory all year round.
Long-standing decision to prohibit troops on Norwegian soil permanently in peacetime still applies.

Basque fighters put demands

Bilbao, Jan 31—The military branch of the Basque separatist organization ETA has informed the Spanish Government of the conditions under which it would halt armed violence.
The conditions, communicated to the Government this morning, included a demand for expulsion of all members of the Spanish Civil Guard, armed police and security police from Basque territory. Army troops stationed there must be under control of an autonomous Basque government.
ETA demanded the replacement of national police with a citizen's police force.
The separatists also wanted a statute of autonomy recognizing Basque "national sovereignty" giving priority to the Basque language over Spanish, and granting unconditional amnesty and legalization of all political parties.

Deadlock in EEC fish dispute

From Our Own Correspondent
Brussels, Jan 31
Britain was tonight at loggerheads with its EEC partners in the dispute over the share-out of the Community's fish resources.
Mr Silkin, British Minister of Agriculture, who has been demanding special rights for British fishermen in a 50-mile coastal belt, told his counterparts at a meeting in Brussels that the differences were so great that it would be better to postpone attempts to reach agreement for two months.
The other eight EEC members, who agreed in Berlin last weekend on a system of supervised limitation of fishing, were threatening to go ahead with their scheme without Britain. This would force the British to proclaim a national fishing zone in defiance of the rest of the Community.

Kidnapped baron was not taken far, police believe

From Our Own Correspondent
Paris, Jan 31
The police in Paris are now firmly convinced that Baron Edouard-Jean Empain is still being held in the city by his kidnapers. They believe the tight cordon thrown across the main exit routes probably thwarted the gang's plan to take him to some pre-arranged hiding place.
He is being kept, they think, in an improvised prison within a quarter of an hour's drive of the place where he was kidnapped near Etoile.
That is why the continuing controls and searches by the police are being concentrated on the western end of the city and its adjacent suburbs. Nearly 14,000 men are involved in the operation. They are apparently working to a systematic plan devised after

previous kidnappings in Paris. It is aimed at boxing in the gang and then relentlessly searching them out.
The success of the police "containment" operation is increasing fears for the baron's safety. According to unofficial sources, one of the conditions laid down by the gang for the release of the baron is that the police cordon should be lifted.
There are no signs that this is to happen.
The Ministry of the Interior, which is charged with supplying information to the press about the kidnapping, has now denied formally nearly every scrap of information that has been gleaned over the past week, including the sending of the finger tip and of a colour Polaroid picture of the baron showing his left hand bandaged.

Greek conservatory closes

From Our Own Correspondent
Athens, Jan 31
The Odeum, the musical academy of Athens, is closing its doors today. The conservatory, founded in 1837, has been closed since 1975.
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The state subsidy has stood at £36,000 a year for the past 18 years. The conservatory earns another £70,000 from tuition fees. According to the director, it needs £386,000 a year to operate.
We asked the ministry of culture to help, but there were no funds available, Mr Papanicolaou said.
The Odeum recently moved to a new, still unfinished marble building near the area where it is planned to build the cultural centre of Athens. The building has cost £2.6m so far, of which over £2m was a government grant.
Thirty years ago the Odeum lost a fortune because money left by private donors was held in Greek securities, from before the Second World War.

Five sent to jail for plot to kidnap minister

Stockholm, Jan 31—Fourteen young Swedes were sentenced today for their part in a plot to kidnap a former Cabinet minister. Five received jail sentences, varying from four years to 10 months. Nine were given suspended sentences or were fined. Two others were acquitted.
The defendants were accused of planning to kidnap Mrs Anna-Greta Leijon, the minister responsible for the deportation of terrorists who set fire to the West German Embassy in Stockholm in April, 1975.
The intention was to hold Mrs Leijon hostage for a ransom of \$1m (£300,000) and force the release of Baader-Meinhof terrorists from West German jails. Several foreigners connected with the case were deported.

Chemical war pact delayed

Geneva, Jan 31—The issue of how to check the destruction of existing chemical weapons stockpiles has still not been resolved in the American-Soviet negotiations here on an agreed set of principles to form the basis of a treaty outlawing such weapons. The information emerged today at the beginning of the 30-nation disarmament conference's spring session.
Moscow: The Soviet Union has issued a strong denial of a Brussels report that its military scientists were developing new strains of killer viruses.

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AIR CANADA

OVERSEAS

Bishop Muzorewa calls off boycott of internal negotiations but constitutional differences remain

From Frederick Cleary
Suisbury, Jan 31

Bishop Abel Muzorewa and the Rhodesian Government appear to have resolved their differences which led to the African nationalist leader walking out of the internal settlement talks last Friday.

The Bishop will therefore rejoin the negotiations with government representatives and delegations from two other African organizations tomorrow.

He agreed to resume talking after a private meeting this morning between Mr James Chikema, vice-president of his United African National Council, and Mr David Smith, the Deputy Prime Minister and Minister of Finance, who was alleged to have made an insulting remark which led to the walkout.

Mr David Mukome, the UANC publicity secretary, said the meeting with Mr David Smith had been very encouraging. Differences over the offensive language had been satisfactorily resolved.

Constitutional differences between the UANC and the Government remain, however. The Government and the Smith and Zuppo groups insist that the bishop agreed to 28 seats in a future parliament being reserved for whites elected on separate voting rolls. The bishop says he agreed only to 20 seats under this form of election.

Sources close to the talks now believe the delegation heads and their immediate advisers may spend tomorrow trying to close the gap. If the bishop can be persuaded to accept the 28 figure as a compromise can be reached, the negotiations will be back to where they were last Thursday when an internal agreement was close to being signed. Legal advisers have been at recent talks.

This indicates that there is optimism that the matter of parliamentary representation can be resolved fairly quickly. The next issue, according to sources, is the functions of the interim government which would be set up as part of the agreement.

One view is that all four delegation leaders—Mr Ian Smith, the Prime Minister, Bishop Muzorewa, the Rev Ndabaningi Sithole and Senator Chief Jeremiah Chirau—will serve as equals on a Council of State, but during the transitional period to a new constitution and a general election, Mr Smith will still run the country through his existing Cabinet.

The nationalist leaders will be mainly concerned with the drafting of the new constitution from executive positions, that is with the full weight of governmental machinery behind them. The composition of the armed forces—still very much a delicate issue—would presumably be resolved in this fashion.

Sources close to the negotiations believe that once the parliamentary issue is decided it will take two or three further meetings of heads of delegations to reach final agreement on the exact functions of the interim government and its members.

The *Zimbabwe Times*, a daily newspaper aimed mainly at black readers, today published what it said was the full text of the agreement which the four leaders were to have signed if Bishop Muzorewa had not walked out. The document reads:

1. There will be a Legislative Assembly consisting of 100 members, who will be elected by voters on a common roll, with all citizens of 18 years and over being eligible for registration as voters.

2. The Assembly will elect a President and two Vice-Presidents, who will be elected by voters on a common roll, with all citizens of 18 years and over being eligible for registration as voters.

3. The Assembly will elect a Prime Minister and two Deputy Prime Ministers, who will be elected by voters on a common roll, with all citizens of 18 years and over being eligible for registration as voters.

4. The Assembly will elect a Speaker and two Deputy Speakers, who will be elected by voters on a common roll, with all citizens of 18 years and over being eligible for registration as voters.

If that commission recommends that the arrangements regarding such specially reserved seats should be changed, an amendment to the constitution to effect such change may be made by a Bill which receives the affirmative votes of not less than 51 members.

2. There will be a justiciable declaration of rights which will protect the rights and freedoms of individuals and, inter alia, will provide for protection from deprivation of property unless adequate compensation is paid promptly, and for protection of pension rights of persons who are members of pension funds.

3. The independence and qualifications of the judiciary will be entrenched and judges will have security of tenure.

4. There will be an independent Public Service Board, the members of which will have security of tenure, which will be responsible for appointments to, promotions to, and discharges from, the public service.

5. The public service, police force, defence force and prison service will be maintained in a high state of efficiency and free from political interference.

6. Pensions which are payable from the consolidated revenue fund will be guaranteed and charged on the consolidated revenue fund and will be remittable outside the country.

7. Citizens who at present are entitled to dual citizenship will not be deprived of their present entitlement.

8. The above mentioned provisions will be set out or provided for in the constitution and will be regarded as specially entrenched provisions which may only be amended by a Bill which receives the affirmative votes of not less than 51 members.



President Brezhnev receiving Mr Jaroszewicz, the Polish Prime Minister at the Kremlin

Brezhnev appearance in Kremlin

From Our Own Correspondent
Moscow, Jan 31

President Brezhnev has re-emerged in public after a long and troublesome bout of what was officially described as influenza. Today he met Mr Piotr Jaroszewicz, the Polish Prime Minister.

At their meeting in the Kremlin, shown tonight on Soviet television, the Soviet leader, who is 71, looked cheerful, a little tired perhaps, but in substantially better health than at his last televised public appearance on January 3.

On that occasion, while presenting a medal to Mr Mikhail Suslov, the veteran party ideologue, Mr Brezhnev looked drawn and puffy. Soon after that he postponed his visit to West Germany saying that his doctors had ordered him to rest.

This aroused renewed rumours about his health. He was unable to receive President Boumedienne of Algeria, in a visit to Moscow, and had not otherwise appeared in public since December 8.

At today's meeting Mr Brezhnev was accompanied by Mr Alexei Kosygin, the Prime Minister. Tass said that Soviet-Polish cooperation was discussed in a "warm and friendly atmosphere".

Particular attention was paid to economic ties between the two countries, and Mr Jaroszewicz reported the results of measures approved recently by the Polish Communist Party to promote social and economic development.

Mr Brezhnev, for his part, reiterated that the main thrust of the Soviet Union's current five-year plan, was to raise the efficiency of production.

Poland's economy is in difficulties at the moment. As in the past this has confronted the political leadership with some hard and unpopular choices. Earlier this month the Polish Government warned the public that a period of austerity ahead was inevitable.

Prosecution of police still possible in Biko case

From Nicholas Ashford
Cape Town, Jan 31

There is still a possibility that the security police could be involved in the death last year of the Black Consciousness leader Steve Biko could face prosecution, Mr James Kruger, the South African Minister of Justice indicated today.

He also announced he was considering more measures for the protection of detainees.

Mr Kruger was speaking during the second day of the parliamentary no-confidence debate, after a searing attack by Mrs Helen Suzman, the Opposition spokesman on justice, on his handling of the affair of Mr Biko's death in detention last September.

It is clear that the Biko affair is going to continue to haunt the South African Government, and particularly Mr Kruger, despite last year's public inquest into the death.

Where the magistrate ruled that no person could be held criminally responsible.

Harried by the Opposition yesterday and today on the case, a ruffled Mr Kruger revealed that he had referred the record of the Biko inquest to the Attorney-General of the Transvaal, who would decide whether any policemen should be prosecuted.

Prosecution seems unlikely, but Mr Kruger's action reflects Government sensitivity to the fierce international criticism of its handling of the Biko case.

The ICIO is to meet in Canada this spring to decide which landing system to adopt. An ICAO group of experts has already come out overwhelmingly in favour of the American TRSB (time reference scanning beam) system in preference to the British Doppler system.

The British Civil Aviation Authority (CAA) and the Boeing Company have been using the news media "to deliberately mislead and confuse the world aviation community" about a new aircraft landing system developed by the United States, Mr Langhorne Bond, head of the American Federal Aviation Administration, alleged today.

In a statement published here he said that the American device had been developed in "a goldfish bowl" with wide participation to make the landing system for world-wide needs.

It was "simply not true", as the British had maintained, that the United States was conducting a misleading test programme and was issuing false information, or that the system was unsafe.

The campaign to discredit the American programme could only be construed as a last-ditch attempt by the CAA and Plessey to influence the International Civil Aviation Organization (ICAO) in its final decision, he said.

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Britain 'misleading aviation world'

From David Cross
Washington, Jan 31

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Botswana hands back fraud charge Briton to S Africa

From Eric Marsden
Johannesburg, Jan 31

A British businessman who broke bail in Johannesburg and fled to Botswana was handed back to South Africa today, Botswana authorities said.

Mr John Patrick Wall, aged 41, until recently chairman and managing director of Ryn Nigel Corporation, is wanted to face charges of fraud and exchange control contraventions said to involve hundreds of thousands of pounds.

A Botswana Government spokesman said Mr Wall had entered Botswana illegally and was declared a prohibited immigrant.

According to reports from Cape Town, Mr Wall was staying on his boat in the harbour and had booked a flight tomorrow to London.

When he was granted bail of £12,000 last Tuesday Mr Wall was ordered to surrender his British passport and report each morning to the police. He called at the police station on Friday morning but did not turn up on Saturday.

While Mr Wall was at its head, Ryn Nigel was frequently in the news for a series of financial coups and was regarded as the fastest growing corporation in South Africa. Recently an investigation into Mr Wall's financial activities was launched by the foreign exchange division of the South African Reserve Bank.

Last Tuesday he appeared in a magistrate's court on charges of fraud relating to foreign exchange control regulations. The amount involved was not disclosed but press reports put it at about 1m rand (£25,000).

Mr Wall was planning to leave South Africa two days before he appeared in court to take up a post in London.

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Life sentence for drug tourist

Kuala Lumpur, Jan 31—An Australian tourist convicted of trafficking in marijuana was jailed for life and ordered to receive six strokes of a cane by a Malaysian court today.

The jury of seven at the Kangkar Hill Court in Perlis state yesterday returned a majority verdict finding Robert Allan Syroes, aged 30, of Queensland, guilty. He is to appeal—UPL.

Russia criticizes offensive by 'radio gangsters'

Continued from page 1

The Soviet Government maintains that their task, the press puts it candidly, is to organize ideological subversion against socialism, concoct false stories and spread dirt and lies.

Yesterday the Tass correspondent in Washington reported that the two stations intended to step up their propaganda warfare against the Soviet Union. The activities of the "radio gangsters", he said, were in "a crying contradiction" to the Helsinki accords.

Last week the Soviet Olympic Committee (Int. Olympic Committee) allowed a ban on reporters from news organizations established for purposes "hostile to the spirit of peace" and "friendship"—a clear reference to the two stations.

Since the reorganization of these two stations in 1971, the Americans, though supporting the principles of freedom of the press, have left Radio Liberty and Radio Free Europe in Munich and financed by American money.

Their broadcasts are jammed, they are constantly attacked in the Soviet press, and the Soviet Government has often argued that their activities constitute interference with this country's internal affairs and are therefore inconsistent with the principles of the Helsinki agreement.

The Russians have lobbied long and hard to stop the Americans from financing these stations. President Carter's proposal last April to spend \$45m on improving their transmitters was seen by the Soviet Government as a particularly hostile act.

The two stations broadcast 980 hours a week in 22 languages (Radio Liberty concentrating on the Soviet Union and Radio Free Europe on the rest of Europe). In spite of extensive jamming some of their signal gets through, especially in the countryside.

No one in Moscow believes there is any room for compromise. The campaign against the stations has been long and bitter. Almost certainly the will not be reporting the Olympic news from Moscow.

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Attempt to free Tunis union leader

From Michael Coleman
Tunis, Jan 31

In an attempt to persuade the Tunisian Government to free Mr Habib Achour, the trade union leader it blames for last week's general strike and rioting, Mr John Vandervekan, assistant secretary-general of the International Confederation of Free Trade Unions, saw Mr Hedi Nouria, the Prime Minister, here this evening.

We are very much concerned about Mr Achour's arrest", Mr Vandervekan said. "He is vice-president of the confederation and a member of its executive board. I am trying to establish the facts and see what we can do to seek his release and that of the other trade union leaders."

He said that confusing figures were being given by the authorities about the number of union leaders held. In an address to the National Assembly this morning, Mr Nouria said the Government had declared the state of emergency and brought troops into the cities and industrial plants because "we do not want Tunisia to become another Lebanon".

Tunis, Jan 31—Seventy people have been imprisoned in the past three days for offences during the rioting. Mostly youths, they received jail terms ranging from three months to two years on charges such as gathering in the street, insulting members of the Government, inciting people to join the general strike, attacking policemen or police stations, and looting—Agence France-Press.

Our Washington correspondent writes: Mr George Meany, president of the American Federation of Labour-Council of Industrial Organizations, has intervened in the troubles in Tunisia, but is not going there himself.

He is asking President Carter to inform the Tunisian Government of the AFL-CIO's "abhorrence of the action taken so far", according to a spokesman here.

Mr Carter accused of 'pro-Somalia plot'

From Our Correspondent
Nairobi, Jan 31

The bitter attack on President Carter by Lieutenant-Colonel Mengistu Haile-Mariam, the Ethiopian leader, in a broadcast affirming Ethiopia's determination to repel the Somali invasion, is the strongest Ethiopian criticism of American policies in the Horn of Africa since the revolution which overthrew Emperor Haile Selassie in 1974.

In his broadcast from Addis Ababa last night, Colonel Mengistu accused the United States, and specifically President Carter, of coordinating an "international plot" to build up Somalia and to support the Somali invasion of Ethiopia.

He alleged that Iran had undertaken to intervene militarily, routing troops to Somalia through Oman, if the provision of Somali arms proved insufficient to sustain the invasion of Ethiopia.

Other Arab states—including Saudi Arabia, Kuwait, Egypt and Jordan—and West Germany were involved in the "plot", Colonel Mengistu said, which had been discussed at the recent meeting in Washington of representatives of the United States, Britain, West Germany, France and Italy.

Colonel Mengistu said Ethiopia would not negotiate with Somalia, but would continue to fight and capture Ethiopian territory, but would drive the invaders out. He made no reference to Soviet or Cuban assistance to Ethiopia.

They said the battle was still in a decisive stage and expressed confidence that Harer would soon fall to the WSLF. Other reports, however, said the main fighting was now on the road between Harer and Dire Dawa, with the Somalis concentrating on cutting supply routes to Harer itself.

The first 10,000 tons of food aid from the United States—maize, rice and dried milk—was unloaded in Mogadishu today from a chartered Greek ship. The government supply food followed the Somali Government's expulsion of Soviet advisers and the termination of its friendship treaty with Moscow.

the United States under licence and the total royalty payments to the German manufacturers will not exceed \$20m (£26m).

Mr Clifford Alexander, Secretary of the Army, said that the German gun was better armed, piercing qualities than its rivals and that its ammunition and most important components could be used with both the XM1 and the West German Leopard tank.

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Senate optimism over Panama Canal treaties

From Patrick Brogan
Washington, Jan 31

The debate on the Panama Canal treaties will occupy the Senate for the next few weeks. Senator Robert Byrd, the Democratic leader there, said yesterday that he was most optimistic about the treaties' chances of passing.

The Senate armed services committee is examining them now, and the foreign relations committee—much the more important in this case—has already approved them by a vote of 14 to one after slight amendments.

To make these amendments the committee had inserted clauses in the treaty on neutrality stating that the United States would have the right to defend the canal after the year 2000 (when it hands over control to Panama), and that in the event of war, American ships would have priority.

The Panama Canal Government objected to this last weekend, saying that adding new clauses to the treaty pushed things too far—the treaties might then have to be submitted to the Panamanian people in a second referendum, which General Omar Torrijos, the Panamanian leader, could not be sure of winning.

As an alternative, the General's legal advisers suggested that the appropriate phrases be added to existing clauses and with one exception the members of the foreign relations committee agreed to this.

For the treaties to be ratified, a majority of two-thirds of those voting in the Senate is needed, 67 of 100 senators are there. Some head-counters hope for 70 favourable votes, and if Mr Byrd gets them, no outraged constituent will be able to point to any one of them as the man who "betrayed" the canal.

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As an alternative, the General's legal advisers

Party leaders in noisy clash on race relations: Mr Callaghan calls for full discussion

of Commons
was no way that Mrs
the Leader of the Oppo
could promise a clear end
to the noisy clash on race
relations. Mr Callaghan
said at a question
time in the House of
Commons today.

What I am now saying is that the
loopholes have been closed—
(Opposition shouts of "Rub-
bish" and "The only way in
which Mrs Thatcher can fulfil
her undertaking is to take away
the rights of wives and children
of United Kingdom passport holders,
elderly relatives, to enter this
country.")

We had better get the facts out
of it. I am glad it is coming out,
and let us get it clearly on the record.
The number of immigrants in
this country last year. Only 750,
up to October 1, were brought into
this country on the basis of work
permits. The rest were under the
headings I have outlined.

I am entitled to ask that the
Conservative Party should make
the remedy clear. As these
28,000 people are made up of these
categories, how does Mrs Thatcher
propose to deal with them? Will
she make a distinction between a
clear and unequivocal commit-
ment to the Conservative Party
Conference on October 12, saying
it would be unworkable for the
Conservative Party to go back on
the entry of these people.

So far I have based my view of
the situation on the statement by
Mrs Thatcher. Mr Whitehead at the
Conservative Party Conference said
it was "a danger in society and
to race relations to refuse to
accept the reality of the situation."
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Will the further give the full
number of immigrants who have
come in under the present law?
We have frequently asked for this
and it was what the "Frank's
Committee" was set up to find out.
The Prime Minister said she
intends to take no action further to
tighten up the present rules on
immigration.

Mr Callaghan—There is such a
rigid control over it now that it is
very difficult indeed to think of
ways of tightening it further.
Under the present law, 15,000
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Ministry to keep check on productivity deals

The Government understood the
anxiety of workers in the public
sector to see productivity deals
being negotiated on pay in the
private sector and they gave an
assurance that they sought to apply
the same rules equally strictly. Mr
Harold Walker, Minister of State
for Employment, said.

Mr Terence Higgins (Worthing, C)
asked to what extent reductions in
the hours of workers in the public
sector would be taken into account
in the Government's proposals for
a productivity deal.

Mr Walker (Dunfermline, Lab)—
Reductions in working hours, unless
accompanied by corresponding
reductions in pay, should be taken
into account in determining
whether a settlement is within the
guidelines.

Mr Higgins—To what extent do
the Government take into account
in the public sector the fact that
settlements in the private sector
are not consistent with the
guidelines?

Mr Walker—We do take them into
account in setting and monitoring
settlements.

Mr Walker Johnson (Derby, South, Lab)—
There is suspicion in the
public sector that the Government
are seeking to apply the same
productivity deals in the private
sector, including the reduction of
hours and redefinition and re-
classification of jobs for those of
us who have jobs in the public sector.
Mr Walker—I understand those
anxiety. We seek to apply the
guidelines just as strictly in the
private sector, in the implementa-
tion of self-financing productivity
deals, as we do in the public sector.
The Government have been in
recent public relations just how
firm the Government have been in
setting and monitoring settlements.
Mr Michael Latham (Wilton, C)—
How much longer is Mr Walker
and his department going to cover
up the sanctions black list?
Mr Walker—The sanctions black
list is the responsibility of the
Department of Employment.

Privilege claim rejected

The Speaker (Mr George Thomas)
ruled on the complaint of privilege
raised yesterday by Mr Stanley
Thorne (Preston, South, Lab) con-
cerning what he alleged to be false
evidence given before the Select
Committee on Abortion in 1975.

He said that he had had time to
consider Mr Thorne's statement
and the circumstances which led
him to raise the matter when he
did.

It is not (he said) my duty to
rule upon the merits of complaints
of privilege but only to decide
whether or not they should have
precedence over the other business
of the House.

Although I am satisfied Mr
Thorne has raised a serious matter
the House has been known since
at least January 18, 1978, I have
therefore no authority to accord
priority to this case.

Lord Hailsham says there is too much law

Too much new law was being made
and even judges had difficulty
understanding it, Lord Hailsham
said today.

Lord Hailsham said from the Oppo-
sition Front Bench during the com-
mittee stage of the Theft Bill, 1968,
which replaced parts of the Theft Act,
1968, with other provisions against
fraudulent conduct.

He said he was concerned what
was happening to legislation in Britain.
Here they were altering part of one
subsection of an Act passed rather
less than 10 years ago and which
was itself designed to take the
place of various sections of other
Acts. To iron out a few obscurities
in one subsection it had taken
them four years to do the trick.
The only thing we are sorry
about (he said) is that we do not

Concession on medicine regulations fails to satisfy Opposition

Opposition accusations of Govern-
ment middle were refuted by Mr
David Steel, Secretary of Health
and Social Security, when he
made a statement about new
regulations coming into force on
February 1, about medicines which
may be sold only on prescription.
He announced that new order
would allow for six months
transitional period in respect of
medicines which were on the pre-
scription-only list for the first time,
and said he hoped this amendment
order could be made in about two
weeks.

Dr Gerard Vaughan, an Opposition
spokesman on health and social
services (Reading, South, C), had
been asked to make a statement
on the introduction of the Medi-
cines, Prescription-Only Order.
He said that the Government's
proposals of this order were made
known to interested organisations
in the industry by a letter from
the Minister of Health, Mr David
Steel, on January 1, 1978.

No concern was expressed by
pharmacists until after the order
had been made known. Since it is
our policy to work in close
operation with the pharmaceutical
profession and industry we have
taken account of these last-minute
concerns. The Government's
intention to make an
amending order as soon as pos-
sible, to make a "transitional
period" of six months.

We are required to consult in-
terested organisations before we
make such an order. We have
done so and the order will be made
as quickly as possible, and with good
will and the cooperation of all
concerned. It will be made in
about two weeks.

Dr Vaughan—To anybody who
knows the real situation that state-
ment is completely and utterly
unsatisfactory. The Government
have created an unbelievable
mess over this. Last night the
order was made known to the
industry. The Government
have made a last-minute con-
cession in response to last-minute
representations.

Mr Kenneth Clarke (Rushcliffe,
Con), who has long been a pre-
sident of the Pharmaceutical Society,
said that certain acts are
unlawful from midnight tonight
until so long as it takes the
Government to make an amend-
ing order. He said that the
order would put the law back where
it was.

Mr Deakin—The pharmaceutical
industry had been given notice
to the representative
organisation. The department
could not undertake to circulate
everywhere which it has pro-
posed, when the order was
made known to the industry.
There is no blunder. The point
is that the Government cannot
take a decision on a matter
which is so important as this
without consulting the industry.
The order will be made in
about two weeks.

RAF fly Swiss snow blower to Scotland

A tribute to all those involved
in the rescue operations was paid
by Mr Bruce Millan, Secretary of
State for Scotland, in a statement
made today in the House of
Commons.

He said that Servicemen had
been responsible for the rescue of
about 200 people up to date and
without the services of the heli-
copters and their crews it would
have been impossible to deal with
such a serious disruption over such
a wide and sparsely populated
area.

Mr Millan said: Since the blizzards
of the weekend, large parts of the
country have been cut off. I have
been affected by snow. Four people are
known to have died as a direct
result of the storms. I would like
to express my sympathy to the
relatives of the men who were
reported missing.

Because of the disruption to
communications by road, rail and
telephone, information about the
effects of the storm on the more
remote areas, particularly north-
west Scotland, is not comprehen-
sive. There have been widespread
power failures which the North
of Scotland Hydro-Electric Board
are doing their best to remedy.

Emergency operations are being
co-ordinated by the Chief Constable
of the Northern Constabulary who
has had considerable assistance
from the Armed Services, local
authorities and many private
individuals.

I consider that these arrange-
ments are working well. I am aware
that I am keeping a close watch
on events. I think it best to leave
the detailed organisation to the
people who know the area and the
local circumstances. The Chief
Constable tells me that, with the
help of some 15 helicopters, he is
arranging for a survey of the
remoter areas to check on food
supplies. His forces are continuing
to probe the largest areas of snow
from the roads to check whether
there are any more cars still buried
but these operations are being
hastened by continuing falls of
snow.

The main tasks now are to
ensure that people who are in im-
mediate danger are rescued and
help them and to restore com-
munications and electricity sup-
plies as quickly as possible.

The Services concerned are
working hard towards the end of
the emergency. They have arranged
for extra snow-clearing equipment
to be sent to the areas affected
from the North of England and Northern
Ireland; a very large snow blower
is being transported by the Royal
Air Force to the Highlands and
should arrive in the Highlands to-
morrow.

Units of the King's Own Scottish
Borderers are helping to clear the
roads to clear the railway line north
of Inverness. Telephone and elec-
trical engineers are being taken
to the areas affected by heli-
copter, if necessary.

The Government are ready to
supplement the efforts of the local
authorities and police in any way
possible and will respond to any
call for help. So far, the local
people responsible have not felt it
necessary to ask for such help

Tories seek review of Scottish representation

The Scotland Bill proposed a sepa-
rate executive and an independent
legislative competence to the
Scottish Parliament. The Tories
said that the Government should
assume responsibility for certain
developments. They would follow
the passage of the bill to the
House of Commons.

Mr Enoch Powell (South Down,
UUI) said it was common sense
that it was part of their
nature as practising politicians that
they should be able to make a
logical impossibility, barring the
path they had a sure instinct for
passing that difficulty to somebody
else.

The reason they were inviting a
Speaker's conference to address
themselves to the squaring of the
circle was that they were aware
that it was a logical impossibility,
barring the path they had a sure
instinct for passing that difficulty
to somebody else.

Under the guise of referring this
question to a Speaker's conference,
the Tories were trying to give
the impression of undermining the
concept of the unity of the United
Kingdom.

Mr Russell Johnston (Inverness,
Lab) said that the Tories were
refusing to say whether they
believed in the reduction of Scot-
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Mr Powell had said, he asked if
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Proposal to raise deposit limits

Lord Strathclyde, Captain of the
Yeomen of the Guard, moving the
second reading of the Participation
Agreement Bill, said its purpose
concerned a doubt relating to the
status of North Sea oil participa-
tion agreements under the restric-
tive trade practices legislation.

Although it could be argued that
the Crown was party to the
agreements, the Government had
been advised that this was by no
means so. They thought it
wise, in order to remove the
uncertainty over the
agreements.

If they were to be registered the
Director General of Fair Trading
would have to submit them for
examination by the Restrictive
Practices Court against the criteria
in the Act. Participation agree-
ments were an essential part of the
implementation of the Govern-
ment's North Sea oil participation
policy. It was inappropriate that
such agreements should be judged

Leyland chief gets backing

Mr Michael Edwards had been
appointed leader of British Ley-
land and he must be supported, the
Prime Minister said during ques-
tions.

Mr Callaghan said: "We cannot
tell him that any path he chooses to
follow is one in which we think he
should do something else. If we
back him and see what plan he
produces."

Private Bills
The following private Bills were
read a second time: British Trans-
port Docks, Commons Registration
(Cardiganshire), Customs and Excise
and Revenue (Wales), Greater
London Council (General Powers)
(No 2), King's College London,
London Transport, Tamar Bridge,
Tyne and Wear Passenger Trans-
port Bill (Barry Harbour).

Cooking

1½ button mushrooms;
2 pint water;
1 wine glass dry white wine or dry cider;
1 bay leaf or parsley stalks;
1 slice lemon;
Salt and freshly milled pepper.

For the sauce:
2oz butter;
2oz flour;
Cooking liquor—see recipe;
2 pint milk;
2-3 tablespoons cream.

For the topping:
2 heaped tablespoons fresh white breadcrumbs;
1oz grated parmesan cheese;
1oz butter.

Cut each scallop into thick slices and place in a saucepan with the mushrooms. Add the water, wine, herbs, lemon slice and a good seasoning of salt and pepper. Simmer gently for 10 minutes, then strain off the cooking liquor and reserve this and the scallops and mushrooms.

Melt the butter in a saucepan and stir in the flour. Gradually beat in the cooking liquor to make a rather thick white sauce. Then stir in sufficient milk to bring to a cooking consistency, and check for seasoning. Add the scallops and mushrooms, heat for a moment and then add the cream. Spoon the mixture into six scallop shells or individual ramekin dishes. Sprinkle with the breadcrumbs and the grated cheese, and dot with the butter. Reheat in the top of a moderate oven until golden brown and bubbling before serving.

There are dozens of ways of preparing mussels, but don't take too long to cook; the part that does need time and care is the cleaning. When mussels are brought home from the fishmonger they must be cleaned at once; after this they can be soaked in a bucket of cold salted water until ready to cook. Remove any gaping or broken mussels, then meticulously scrub and scrape the remainder with a small sharp knife, removing anything that adheres to the shell and pulling away the beard too. Wash mussels in several changes of cold water until the water remains free of any sand or grit and then leave in cold

salted water until ready to cook—a continental housewife adds a little flour to the water and on this the mussels feed and plump up before they are put in the pan.

The easiest method of cooking mussels is to lift them straight from the salted water into a large dry pan, add chopped onion and celery and a good seasoning of freshly milled pepper—mussels require no water or salt for cooking, they provide sufficient salty liquid themselves as they simmer. Put your pan over high heat, clamp a lid on top, and the mussels will take about 10 minutes to open up beautifully. If you wish to cook them on an occasional shake, the ones on the top will work their way to the bottom and they will cook evenly. Tip mussels straight from the pan into a large dish and serve them as they are—select a whole shell and use like tweezers to pick out and eat the mussels.

Mussels cooked in this simple way can be stuffed with a small butter to make a first course. Remove the open half of the shells and let the mussels cool. Mix up a garlic and herb butter using 6oz butter, kneaded with 2-3 cloves of garlic and 3 tablespoons finely chopped parsley and chives (if chives are not available use more parsley)—this should be about right for 2 quarts of mussels. Spread this butter generously into each half-shell containing the mussels and you can do all this in advance, and then refrigerate them. To serve, just crowd the mussels into a large fireproof dish and reheat in the top of a moderate oven. Hot serve with warm French bread for mopping up the juices. Or, if you prefer, pick the cooked mussels out of the shells and let them cool in the cooking liquor from the pan so that they remain moist. When ready to serve drain and roll the mussels in seasoned flour and fry in butter until they are just brown and slightly crisp on the outside. Serve with a little of the remaining cream on to each, and add a flake of butter. Place dishes on a baking tray near the top of a moderate oven (350 deg F or gas no. 4) and heat for 10 minutes. A little of the remaining cream on to each, and add a flake of butter. Place dishes on a baking tray near the top of a moderate oven (350 deg F or gas no. 4) and heat for 10 minutes.

Sometimes the method of cooking is a little more elaborate. The saucepan is well buttered and sprinkled with chopped shallots, and the mussels are put in before the mussels are put to cook. You

do this when you want to turn the mussel liquor into a sauce, as you might for moules marinières or the following: Mussels in a cream and curry sauce. Individual ramekin dishes are ideal for serving these mussels in a cream and wine sauce. Before you start with curry make an unusual first course that you can prepare in advance.

Serves 6:
3 quarts fresh mussels;
Butter—see recipe;
2 shallots;
Few parsley stalks;
2 pint dry white wine.

For the sauce:
2oz butter;
1 level teaspoon curry powder;
1oz flour;
Freshly milled pepper;
1 egg yolk;
2 pint double cream.

Using a buttered paper thoroughly grease the inside of a saucepan large enough to hold the mussels. Sprinkle the pan with the chopped shallots and the wine. Place over high heat, add the mussels and cook for 10 minutes shaking the pan occasionally until all the mussels are fully opened. Lift out the mussels and reserve the cooking liquor. When cool enough to handle, lift the mussels from the shells and divide equally among buttered ramekin dishes. Strain the cooking liquor and add the butter, salt and pepper to the sauce. Melt 1oz of the butter in a saucepan and stir in the curry powder. Fry gently for a few minutes to drive the flavour, then stir in the flour and cook for 2 minutes. Gradually beat in the reserved mussel liquor, heating well to get a smooth sauce. Bring to a simmer and check seasoning, add freshly milled pepper and a little of the reserved cooking liquor. Stir in the reserved mussel liquor, heating well to get a smooth sauce. Bring to a simmer and check seasoning, add freshly milled pepper and a little of the reserved cooking liquor. Stir in the reserved mussel liquor, heating well to get a smooth sauce. Bring to a simmer and check seasoning, add freshly milled pepper and a little of the reserved cooking liquor.

Shell and BP get Lombo dispute sent to arbitration

Lombo Ltd and Others v. Shell Petroleum Co Ltd and Others

In an action in which Lombo Ltd alleged that big oil companies, with intent to injure them as owners of the Betsa pipeline, conspired to deprive them of the supply of oil, the court has ordered the dispute to be referred to arbitration.

The court was not concerned with the question whether the alleged conspiracy was a tortious one. The charges were of extreme gravity, but no one had even suggested that the court should proceed to try the case.

In 1962 the Federation of Rhodesia and Nyasaland entered into an agreement with several oil companies, including Shell and BP, for the construction of an oil pipeline from the coast to the interior.

Lombo contended that the defendants' conduct amounted to a conspiracy to deprive it of the supply of oil, and that the defendants were liable to it in damages.

The court found that the defendants' conduct was not a tortious one, and that the claim was barred by the Limitation Act 1939.

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induced the government of Rhodesia to make the UDI an effective one, by guaranteeing that oil would continue to be supplied even if the pipeline could not be used.

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related to their claims in tort and, whether or not an action was brought, covered claims in tort dependent on the wording of the clause. It appeared that Woolf v. Collier (Removal) Service (1984) 1 KB 11 was the first reported case in which a claim in tort was held to be subject to arbitration.

The effect of the section was to deprive the court of any discretion whether a claim within a non-arbitration agreement should be arbitrable or litigable. The section was mandatory, and a claimant could not opt out of it.

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If the Israelis want peace they must meet the political requirements first

Secondly, Israel's West Bank

tories in return for a grant of

The impression that the formula was essentially rhetorical was sustained by the fact that its content made redundant any attempt to give it legal expression. However, the context of the formal peace proposal which is the vehicle of the claim asserted in Clause 24, renders imperative the imphi-

elements in Arab policies, by contrast, whether in power or in opposition or indeed in limbo, regard the status quo of the last 10 years (and for that matter the last 30 years) as essentially an intolerable peace, and if they could they would make war to change it. All these have in common that

being the existing state of affairs plus some new fringe benefits, rather than as a radical departure from the status quo of the past decade.

Not that Mr Begin is an absolutist in this conception, for it is teatable only on the assumption of Arah incapacity to wage war in the foreseeable

still he laid. It is almost as though the Israelis were unable to appreciate that the quality of contacts between Israel and its neighbours following the conclusion of peace agreements can only reflect and possibly match, but cannot exceed or transcend the political content of rapprochement.

Dr Lucas, of Sheffield University, is the author of The Modern History of Israel.

men and job displacement
men by machines creates r
problems, the simple fact
that we should not have
many unemployed as we ha
now if the Labour Party ha
not cast wage restraint m
winds and capitulated to t
trade unions when they ca
ism power in the 1974 ele
tion. Equally, it is true th
many people in this count
particularly what are call
the "middle class" and t
small businessmen, feel th

to prison—the highest national average is 7.37 per cent. Alternatives to Prison are Jail and Chain award.

A giant's palette of colours and contrasts

ter's charge that "Most prominent front-benchers in Parliament have yet to show, by speech and action, that they oppose racialism and would support policies to reduce racial disadvantages in many fields of activity". But just as the speaker, my former Colonialist Gullt face, I came upon this notable passage:

People of West Indian origin, who are educationally backward and largely unemployed, account for more than half of the immigrant population. They just do not have the capacity to take jobs from Britons.

Contrast ten, and the most interesting of all; the crushing victory of the Janata party in last year's election (it would be more correctly described as the crushing defeat of Mrs Gandhi), which ended the increasing trauma of the Emergency. They wiped out all the bitter memories.

Yet I found that even now, after the fall of the house of Gandhi and Son, the period of authoritarian rule (which lasted only twice as long, after all, as the time that has elapsed since it ended) still dominates the mind of all the men with whom I discussed current events. The Indians at the conference I went to, for instance (which was an Anglo-Indian exchange on the Wings of the Anglo-German Königs-winter), were, it is true, all intellectuals of one kind or another; yet they included a wide variety of such kinds—philosophers, academics, jour-

pollsters, businessmen, — and even one of them made clear how deeply India had been marked by Mrs Gandhi's rule. (And I must pause here to recall that it was the voters or *India en masse*, including the poor, the hungry and the untouchable, who thus made the chronic out, thus handsomely giving the lie to those who argue that dictators — leaving ooes, of course — not only make the trains run on time but are regarded with universal admiration and affection.) But what needs these materials to needs they satisfy, or, more precisely, do not satisfy. Perhaps the old man asleep on the pavement in Delhi had helped in vote the Gandhi out.

The clearest and final contradiction of the gulf between everything ever written or photographed about the Taj Mahal and the reality of its living presence. It is indescribable: yet I, too, must attempt to describe it; and to the inevitable shall turn my attention on Friday.

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poor, the hungry and the uneducated, who threw her and her cronies out, thus handing some giving the list to the police. The next morning, following odes of course—not only make the trains run on time but are regarded with universal admiration and affection. The next day, the material needs they satisfy: or, more precisely, do not satisfy. Perhaps the old man asleep on the pavement in Delhi had helped in voice the G-dhri too.

The eleventh and final contrast consists of the guilt between everything ever written or photographed about the Taj and the actual experience of its living presence. It is indescribable: yet I, too, must attempt to describe it; and to the inevitable failure I shall turn my back.

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3.43 per cent were committed to prison—the highest proportion in the country. The national average is 7.37 per cent. The Bristol group of Radical Alternatives to Prison are

carpenters, glaziers and
with a party. Not only
are worthy of a peacock
complaining of a mixe

who appeared before
ed with indictable offences,
to prison—the highest
national average is 7.37 per
Alternative to Prison are

MINE DR...
dies at Roy...
College

John
machinery

THE TIMES

BUSINESS NEWS

Foord
valuers

Sindustry gives unexpected backing to Carter programmes

Frank Vogl
London, Jan 31
The American industry has not surprisingly endorsed the new economic programmes announced by President Carter. These programmes declared their intent to cooperate with the Administration to try to bring about a new anti-inflationary success.

Joint leaders of the Roundtable, which is the most influential group representing large corporations in the United States, a statement that the Administration's new course should ensure a "prosperous and balanced growth through 1978 and 1979".

Such a Republican as this should support the Party policies to the best of his economic front that President Carter has received in business reaction will

likely raise the Administration's hopes for stronger sector investment and less with its new anti-inflation and anti-inflation

statement coincides with the Commerce Department's composite index of indicators, which is viewed as the best statistic to the economy's prospects. The index rose 0.7 per cent in December, registering the sixth

monthly increase. The index, which now stands at 1967 equals 100, has risen by 6 per cent over the year. This gain, combined with an indication of increasing confidence reflected in the confidence index, is

viewed as a statement of confidence. The confidence index, which is viewed as the best statistic to the economy's prospects, has risen by 0.7 per cent in December, registering the sixth

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Price cuts 'may force some stores to close'

By Christopher Wilkins

More than £90m of profits could be lost to the big grocery chains this year as a result of the present price-cutting war, and some companies could be forced out of business, a stores chief said yesterday.

The prediction came from Mr Laurence Hill, chairman of International Stores, a subsidiary of BAT Industries and one of Britain's biggest supermarket groups with sales last year of £400m.

Mr Hill's estimates of the potential profit loss will come as a surprise since the price-cutting war has not yet started. He said that the cost of price-cutting, sparked by Tesco's decision to abandon Green Shield stamps last year and recently intensified by Sainsbury, at more like £60m-£70m.

He said that the cost of the big supermarket chains, totalling £170m-£180m last year, International had raised its profits from a depressed £18.5m to £5.5m in the year to the end of last September on an increase in sales from £207m to £401m.

Mr Peter Macadam, chairman of BAT, said he expected there would be casualties among food retailers. He said: "There are already a number of shabby store chains about that are up for grabs. These include some public companies."

International, which recently acquired the F. J. Wallis chain of 96 stores, has pruned the number of its stores from a peak of 1,100 to 717. Its policy has been to cut out the smaller stores, and concentrate on bigger units such as its recently-opened superstore at Basingstoke.

Last year, despite 59 closures, floor-space rose from 1.8 million to 2.25 million sq ft, and International is planning to add a further million sq ft. Twenty big new stores are to be opened in the next three years.

Mr Macadam emphasized that for the moment International was continuing to use Green Shield stamps, but that the answer was continually under review.

BAT profits up 11 per cent: Profits of BAT Industries in the year to the end of September rose from £37.4m to £41.6m, an increase of 11 per cent, on sales up from £5,537m to £6,212m. But as a result of lower tax charge earnings per share rose by 24 per cent to 57.6p.

Financial Editor, page 19

Today's Edwardes plan may call for big injections of equity money

Leyland to trade as four companies

By Maurice Corina

Formation of four main operating companies, each to be well capitalized and limited by guarantee, apparently remains at the heart of the plans to be announced today by the board of British Leyland.

The three other main operating companies, which are to be given prescribed limits for capital spending and commitments not requiring parental authority, will be Leyland Vehicles Ltd (superseding the truck and bus division), Leyland Special Products Ltd, and Leyland International Ltd (expected to remain the main overseas selling agency, but requiring careful functional definitions in working alongside the three principal manufacturing groups).

Mr Michael Edwardes, chairman of British Leyland, has already indicated his intention to serve as non-executive head of three of the four new companies; but, after recent resignations, new appointments are needed for the main car-making company and its two subsidiaries.

Triumph-Jaguar and Austin-Morris.

This carries up the Leyland cars division of the present British Leyland Motor Corporation, which no longer owns all subsidiaries and is in turn owned by the main British Leyland.

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Mr Michael Edwardes, chairman of British Leyland, has already indicated his intention to serve as non-executive head of three of the four new companies; but, after recent resignations, new appointments are needed for the main car-making company and its two subsidiaries.

Each company will be expected to place its budget and spending programme before a coordinating committee acting as a small central executive.

This will enable the main parent board to restrict its duties to overall strategy and the monitoring of the performance of Mr Edwardes and his executive teams.

All this follows upon Mr Edwardes' statement last November that he wanted to decentralize the operations of Leyland's four main business divisions by the formation of companies run by directors with clear obligations and legal disciplines.

As always it is the car manufacturing operations that interest him most, for this is where a big loss was sustained in the first half of the financial year just ended.

In outlining the proposed structure to the trade unions this morning and to a press conference later, Mr Edwardes is expected to indicate the scale of future investment and say something about manning levels to be achieved.

In due course, the intention is to present the corporate structure and a set of objectives to the National Enterprise Board with an indication of future financial requirements. The problem of finance is most acute in the case of the proposed cars company.

It may be that the share capital will be set at a level for equity-funded development as well as initial loans, which can be drawn in various ways from Government and the NEB, or even under guarantees from market sources.

Mr Edwardes aims to achieve profit-oriented performance. Apparently he feels this can be best achieved by making the new cars company and its separate limited concerns more self-contained and responsible.

Present speculation is that Mr Edwardes has discussed between £300m and £1,000m over five years, provided under firm agreements; but he feels he will get government backing if the workforce accepts his strategy and enters into commitments on wage and revised manning levels.

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Kodak and Polaroid wage instant price war

Round two of a battle in which Kodak is challenging Polaroid's supremacy in instant photography is heralded by a series of trade price cuts being brought in by Polaroid in time for an expected sales peak in the summer.

Kodak, dominant in conventional photographic equipment, made its debut in the instant sector in Britain last May after a temporary court injunction was lifted.

It came in with three cameras using an integral system where the film is developed inside the camera rather than the process used by the cheapest Polaroid camera type which involves the user peeling away a backing strip from the finished photograph. When they first arrived, the Kodak series of EK4, EK6 and EK8 were also rather dearer than the Polaroid-made equivalents.

By the autumn however, both companies had taken up positions in a price war. Each launched a new product at the lowest end of the price range. Polaroid introduced its Model 1000, an integral film camera which was £10 or so cheaper than any of its earlier equivalents.

But Kodak, besides challenging Polaroid's Model 1000 by bringing out its competitively priced EK2, also dropped its other prices just before Christmas. The suggested retail price of its EK8 camera came down by nearly £18 to £27 at the top of the range and the EK4 at the middle fell by over £11 to £37.61.

Polaroid is now reacting by bringing down its prices in turn. A new list circulated to the trade this month makes cuts of up to £4.50 to £5.00 of Polaroid's middle priced cameras to give a retail range of between £30 and £50.

So far both companies have left the price of their latest EK2 and Model 1000 cameras unchanged in the £20 to £25 range, but further price developments at this level are thought to be imminent.

Kodak already claims that its product is selling at less than £20 in some multiple shops. Polaroid has a deeply entrenched foothold at the bottom end of the price scale with its instant series (which replaced the colour Swinger brand name last year). Using a non-integral film system, these models retail at £10 to £12 or less.

But Kodak, which by specializing in mass-produced cameras at low prices, has become the world's largest producer of conventional photographic equipment, must be planning to use the same tactics to win instant sales.

What seems to have happened so far is that although sales of camera generally have been slack, heavy advertising has lifted the total performance of the new instant types. Polaroid reckons that about half the cameras sold in Britain last year were of the instant variety against a third the year before.

Patricia Tisdall

British shipowners mounting campaign to counter Soviet merchant fleet

By Peter Hill

Britain's shipping industry is mounting a concerted European campaign to counter the Russian fleet, which has been making its way into the Russian merchant fleet into trades between third countries through cut-price freight policies.

The industry is also concerned at threats to the United Kingdom merchant fleet by the Russian fleet, which has been making its way into the Russian merchant fleet into trades between third countries through cut-price freight policies.

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Mr Peter Walters: Lack of information on Polish deal.

in relation to the Polish deal. This is being financed in part by a £28m subsidy from the Government's intervention fund, and in effect the Poles have secured 100 per cent credit from the United Kingdom. Mr Walters said that the details concerning the proposed construction of six cargo ships for the Shipping Corporation of India were even more tangled.

There had been no sign of any abatement of cut-rate pricing policies.

Protest over state compensation

By Nicholas Hirst

A political row is developing over the low level of interim compensation payments to companies whose shipping and aircraft interests were nationalized last year.

In an open letter to Mr Varley, Secretary of State for Industry, Mr Norman Lamont, an Opposition industry spokesman, has protested over the low levels of the payments on account, and complained particularly about the absence of any payment at all for the nationalized Vesper companies.

Mr Lamont's letter, which is likely to be followed by questions in the House of Commons, follows strongly worded criticisms of the payments expressed in joint advertisements in national newspapers this week from Vickers and GEC, the two former owners of the British Aircraft Corporation.

The Department of Industry said the interim payments full assurances given during the passage of the Act that "early and substantial payments on account would be made". Mr Lamont points out.

He said the payments were neither early nor substantial, and he was particularly concerned by the lack of any payment so far to Vesper.

Reed profits clipped by £1m in three months

Reed International, the troubled paper and publishing group, saw pre-tax profits fall by £1m to £18.9m in the three months to the end of December despite a £1.1m reduction in interest charges to £8.5m.

The group, which is negotiating to sell its South African newspaper subsidiary as part of a programme to reduce debts of around £400m, was hit by continuing losses from its Canadian pulp operations and an industrial dispute at the Daily Mirror believed to have cost around £2m.

For the first nine months of its current financial year the group made pre-tax profits of £53.3m against £54.3m in the corresponding period last year.

Financial Editor, page 18

Peru seeks credits from US banks

A Peruvian mission of commercial and central bankers is in New York holding tentative discussions with United States banks about further loans, according to informed Latin American banking sources.

They said the mission was discussing the state of Peru's economy with United States banks, which are looking particularly for reassurance that Peru will abide by the conditions of an International Monetary Fund credit agreement and how it will pay for Soviet arms acquired last year.

Invitation to China

Britain's first regional trade mission to the Chinese People's Republic, due in May, was last night hailed as a breakthrough by the Foreign Office.

In brief

Towo & City Properties, it has completed the sale of Berkeley Square House to the pension funds of British Rail and British Airways for a consideration of £37.5m. Prudential's share of the proceeds is around £21m.

The insurance company also confirmed an initial yield of 6 per cent—rising to about 7 per cent later in the year—on its purchase of Billiter Buildings from Trafalgar House for around £30m.

Thorn in Welsh deal

The Welsh Development Agency has reached agreement with Thorn Lighting for the company to take over the former Balliol hosiery factory at Dowlais in a move that could create nearly 200 jobs over the next five years.

Thorn Lighting is planning to transfer to the Dowlais factory the manufacture of tungsten filaments and coils, now carried out at the Swansea Road, Merthyr Tydfil, works. The transfer will release space at Swansea Road to increase production of electric lamps.

Cheap loans for jobs

Cut-price loans are to be offered to Scottish businessmen to create new jobs in small towns and villages. Under the scheme, announced yesterday by the Scottish Development Agency, loans of up to £30,000 will be available at 3 per cent below the normal interest rate. The offer follows the Chancellor's autumn Budget promise of assistance for small rural businesses.

Prudential deals

Prudential Assurance has completed two major property transactions. Together with

the markets moved

The Times index: 195.73-1.34
The FT index: 467.0-3.0

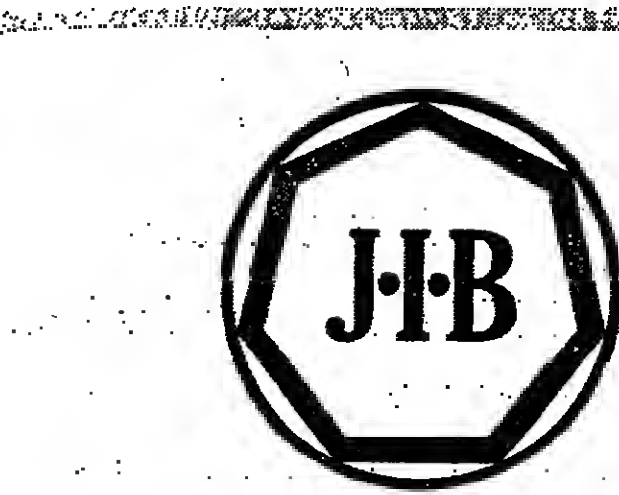
THE POUND

Grp	2p to 60p	Prop Sec	2p to 146p	Bank	Bank
1c	2p to 234p	Reed Int	7p to 135p	Australia	5
1c	2p to 35p	Shell Int	7p to 135p	Austria	5
1c	2p to 35p	Shell Int	7p to 135p	Belgium	5
1c	2p to 35p	Shell Int	7p to 135p	Canada	5
1c	2p to 35p	Shell Int	7p to 135p	Denmark	5
1c	2p to 35p	Shell Int	7p to 135p	Finland	5
1c	2p to 35p	Shell Int	7p to 135p	France	5
1c	2p to 35p	Shell Int	7p to 135p	Germany	5
1c	2p to 35p	Shell Int	7p to 135p	Greece	5
1c	2p to 35p	Shell Int	7p to 135p	Hong Kong	5
1c	2p to 35p	Shell Int	7p to 135p	Italy	5
1c	2p to 35p	Shell Int	7p to 135p	Japan	5
1c	2p to 35p	Shell Int	7p to 135p	Netherlands	5
1c	2p to 35p	Shell Int	7p to 135p	Norway	5
1c	2p to 35p	Shell Int	7p to 135p	Portugal	5
1c	2p to 35p	Shell Int	7p to 135p	Spain	5
1c	2p to 35p	Shell Int	7p to 135p	Sweden	5
1c	2p to 35p	Shell Int	7p to 135p	Switzerland	5
1c	2p to 35p	Shell Int	7p to 135p	US	5
1c	2p to 35p	Shell Int	7p to 135p	Yugoslavia	5

Gold gained \$0.75 to \$175.875. SDR-E was 1.21512 on Tuesday, while SDR-E was 0.623011. Commodities: Renter's index was at 1401.4 (previous 1399.5). Reports, pages 20 and 21

Bank Base Rates Table
Annual Statements:
Charterhouse Group
Howard Machinery
Japan International Bank

20 Bank Base Rates Table
21 Annual Statements:
21 Charterhouse Group
21 Howard Machinery
21 Japan International Bank



Extract from Accounts at 31st December 1977

	1977	1976
Issued Capital	£000	£000
Retained Profits	10,800	10,800
Subordinated Loans	3,350	2,462
Deposits	5,249	5,872
Loans	354,289	352,480
Total Assets	191,800	216,665
Profits before Taxation	3,048	2,988
after Taxation	1,428	1,388

Japan International Bank Limited

Shareholders
Fuji Bank
Mitsubishi Bank
Sumitomo Bank
Tokai Bank
Daiwa Securities
Nikko Securities
Yamaichi Securities

7/8 King Street, London EC2V 8DX

Ford halt at Halewood starts lay-offs in South

By R. W. Shakespeare

After Ford workers on Merseyside had voted yesterday to continue their unofficial strike, now in its fourth week, the company announced last night that it will begin laying off more workers from its Transit van factory at Southampton today.

The stoppage by 1,000 men from the body pressing departments at the Halewood complex has already made 9,000 more workers there idle through lay-offs.

Ford has lost production of more than £30m worth of Escort cars during the past

three weeks. It decided on Monday to stop production in the transmissions factory at Halewood because industrial action by drivers was disrupting the movement of raw materials and finished components.

It is this stop, involving the lay-off of 1,700 workers from the production of the progressive run-down of production at Southampton.

From this morning 660 Transit assembly workers will be laid off, and the stoppage may progressively affect all 4,000 workers at the Southampton plant.

There is also a growing threat to production of Cortina and Granada cars at Ford's Dagenham factory, which gets transmission units and other components from Halewood.

After yesterday's overwhelming vote to continue, shop stewards are likely to call for official backing from their unions.

The stewards decided they could not recommend acceptance of company proposals for ending the dispute which is about manning and production.

The company says this would inevitably lead to a loss of efficiency and quality and has offered to rotate jobs on a four-hour basis.

Throughout the three-week shutdown Ford has been losing production at Halewood of about 900 Escort cars a day. The Escort is one of Ford's top-selling models both at home and abroad.

Coupled with the troubles in British Leyland—a strike at the nearby Triumph car plant at Speke is now in its fourteenth week—lost production in the British car plants is bound to be reflected when the latest

figures for foreign car sales are revealed. Leyland has been losing output of TR7 and Delomite cars for many weeks, and its total production losses on these two models stand at well over £80m, because of the Merseyside dispute.

The group is also having to stockpile Rover cars at its Solihull factory because of problems over components supplies.

All these factors could mean that penetration of the British market by overseas car makers may pass the emotive and significant 50 per cent figure when the next tally is made.

High Court gives go-ahead for tanners to sue National Enterprise Board

By Patricia Tisdall

An action by a group of independent tanning companies against the National Enterprise Board was given legal clearance to proceed in a High Court decision yesterday. The tanners claim that the NEB has infringed its guidelines in its dealings in partnership with Barrow Hepburn Gale, with British Tanning Products.

The NEB had tried to block the action. But Mr Justice Forbes in the High Court yesterday dismissed with costs their attempt to have the independent tanners' action struck out.

Mr Forbes said the case involved a point of law of great public interest, which should be decided at a trial. He said that such a trial might be of benefit to all, including the

Secretary of State for Industry who had issued the guidelines under the Industry Act, 1975.

The 14 independent companies, which represent an estimated 65 per cent of the tanning industry, are seeking a declaration from the NEB that the guidelines have been breached. They will also look for damages. Their objection is that the NEB was showing preference to one section of the tanning industry by under-cutting the rest with the aid of public capital.

They also claim that the NEB broke government guidelines which rule that it should become involved only with enterprises offering a reasonable commercial return through its involvement with Barrow Hepburn Gale and British Tanners.

The case follows the state-owned NEB's £3m investment last year, giving it a half-share in British Tanners, formed to take over the loss-making tanning interests of Barrow Hepburn.

British Tanners is jointly owned by Barrow Hepburn and the NEB. In 1976, the Barrow Hepburn group made a profit of £6.5m of which its tanning subsidiaries were responsible for only £377,000. In addition, the tanning side owed the parent group £11.1m in loans.

Barrow Hepburn had planned to concentrate on its French tanning interests and close those in the United Kingdom, but the NEB intervened. The 12 subsidiaries were then formed into the new British Tanners Products group.

Steel unions resentful of Commons 'intervention'

By Paul Routledge

Crucial pay talks for 100,000 manual workers in the state steel industry resume today a background of growing trade union discontent over "intervention" of the Select Committee on Nationalized Industries in the affairs of the British Steel Corporation.

Leaders of the Iron and Steel Trades Confederation are seeking 11½ per cent rises before negotiating closure of the Beswick plants and other high-cost works at a possible cost of 25,000 jobs. The corporation has so far offered only 6 per cent, and two weeks ago refused to increase that offer unless the unions first conceded huge job curbs.

Now Mr John Boyd, general secretary of the Amalgamated Union of Engineering Workers and for many years chief negotiator for steel craftsmen, has stepped into the row over British Steel's financial troubles with a call to the Government to dismiss the Select Committee and allow the unions to negotiate on the future shape of state steel.

Mr Boyd said yesterday: "Select committees are an essential ingredient in our democratic procedures, but it is shallow and hypocritical for the present select committee to behave as it has behaved."

"The humblest greaser or slinger in any steelworks could tell them that huge losses are inevitable in the present circumstances; that they, as poli-



Mr John Boyd: declares the Select Committee redundant.

ticians, have contributed largely to it; that Sir Monty Finniston should never have been sacked, and not even whizz kid Sir Arnold Weinstock could change the situation with the discipline and common sense circumstances as imposed on the present BSC chairman, Sir Charles Villiers."

"The AUEW leader went on: "All this nonsense that facts and figures have been withheld is all so much silly superstition against the serious economic facts which even a blind man can see."

"The best service the Government could give the steel industry is to declare redundant, if they can, the present select committee."

Japanese growth slowing

By Caroline Atkinson

Evidence of the sluggish performance of the Japanese economy came with the publication yesterday of figures showing a fall in industrial output, and a rise in unemployment in December.

There is still considerable scepticism in America and Europe about the ability of the Japanese to achieve their stated growth target of 7 per cent in the coming fiscal year, and in particular of the prospects for increased imports into Japan.

The Japanese have argued that the rise in the value of the yen over the past year has slowed growth, and that new government policies to expand demand will be sufficient to speed up growth and narrow

the wide balance-of-payments surplus.

Preliminary output figures showed that production fell by 0.3 per cent in December, after allowance for seasonal factors, giving an increase over the year of 2.7 per cent. This compares to an annual rise of 2.9 per cent in November.

Japanese unemployment is typically very low, as there is much underemployment when conditions are slack. However, in recent months the level of unemployment has crept up, 2.08 per cent in December, or 1.14 million workers, after seasonal adjustment.

Mr Fukuda, the Prime Minister, said yesterday that he expected growth to average 6 per cent a year after the 7 per cent of fiscal 1978. Money supply rose at an annual rate of 10.7 per cent in December.

LETTERS TO THE EDITOR

A case for increasing indirect taxation

From Mr Anthony Jacobs

Sir, The origin of the poverty trap arises primarily from the fall in the tax thresholds well below the poverty line, and the urgent need to tackle this problem is recognized by all political parties.

As a member of the Liberal Party's Taxation Group who have prepared our party's submission to the Chancellor for the forthcoming Budget, I can confirm that we are very aware that if the Chancellor only has £2,000m to "give away" then either personal allowances can be increased or we can bring in a reduced rate band of £1,000 at 25 per cent which would absorb £1,900m. To lower the standard rate of income tax as well from 34 per cent to 30 per cent would cost a further £1,200m. If, therefore, only £2,000m is available, there will be no additional relief for the middle tax payers and the top rates of tax would remain at 83 per cent and 98 per cent.

In our proposals we have tried to take a different line, realizing that to give the necessary income tax reductions across the board, a sum of at least £4,500m is required. We would like to give effect to a statement that the Chancellor himself has made that the burden of direct taxation is too high and that of indirect taxation is too low as a relative proportion of total government revenue.

We do not believe that there is very much room for curbing public expenditure, except perhaps in the area of housing subsidies, and to be fair, the proportion of the gross domes-

tic product devoted to public expenditure is in the middle range of western countries. We believe there is little difficulty in raising a further £2,500m by increases in various forms of indirect taxation, including a modest increase in VAT, and the changes proposed would have only a small effect on the retail price index.

It is to be hoped that our detailed proposals can be published shortly, but one can readily appreciate that if one were to have £4,500m available for income tax reductions (£2,000m from deficit financing and £2,500m from increases in indirect taxation) then most exciting and radical reductions in income tax could be obtained. Only a very small amount of revenue would be required to alleviate the burden of higher taxpayers which number only 1,400,000 people. Practically the total sum could be used, for example, to reduce the standard rate of income tax from 34 per cent to 25 per cent benefiting 23 million people and thus would cost £4,200m.

Regrettably commentators only express views about possible income tax reductions by considering what revenue is available from deficit financing. None seem to credit the possibility that substantial further sums could be available for income tax reductions from a careful selection of increases in various forms of indirect taxation.

Yours sincerely,
ANTHONY JACOBS,
20 York Terrace West,
London NW1 4QA,
January 24.

When a lawyer sues his client

From the chairman of the Law Society

Sir, Doctor Monica Vinn (January 27) is mistaken when she says that a solicitor "an absolute duty to tell client of the availability of (remuneration) certificate obtainable from the Society in respect of a solicitor's fees for doing non-remunerative work, ie, broadly speaking, work which has involved proceedings in any court or tribunal."

The obligation to which refers arises under the Solicitors Remuneration Order 1975 and it is limited to those cases where a solicitor is minded to sue his client because the client refuses or neglects to pay his fees. In those circumstances, before taking the case to court, the solicitor is required to draw attention of the client to his right under paragraph (1) of art 3 of the above order.

Incidentally, no similar advantage is available to patients/clients of dental surgeons, veterinary surgeons, architects, etc, and it would be interesting to know how Doctor Vinn's just before apparent view that anomalous position of solicitors be made even more onerous in regard to obtaining payment of their fees.

Yours faithfully,
S. P. BEST,
29 Church Road,
Royal Tunbridge Wells,
Kent, TN11 1RT,
January 27.

Cooperative productive societies

From Mr P. Derrick

Sir, Dr George Copeman's article in your issue of January 25 is of great interest to members of cooperative productive societies. One of the reasons for the limited number of cooperative productive societies is that they tend to plough back a lower proportion of their earnings than do the companies with which they compete.

One of the reasons for this is that if shares are issued to workers members so that they participate in the growth of assets when earnings are ploughed back they are liable to personal income tax. The shareholders of private cooperative societies, on the other hand, participate in the growth of assets when earnings are ploughed back without paying tax at the time.

The proposal to exempt workers from tax liability when they are issued with such shares either under employee shareholding schemes or with cooperative productive societies will, therefore, correct an anomaly and an injustice. The worker-members of productive societies will then be in the same position as the shareholders of private companies and liable to tax only when the shares are transferred. If there is an additional

national tax incentive when shares are held for a long time there will be an additional advantage.

The Labour and Liberal Parties have been calling for the establishment of a Cooperative Development Agency to encourage the formation of all kinds of cooperatives. It may be that the extension of cooperative production would have an even more important bearing on the problem of developing an incomes policy that will be accepted as fair by trade unionists than the extension of employee shareholding schemes. One reason for this is that trade unionists have long been suspicious of employee shareholding and profit sharing schemes whereas a number of major trade unions are committed by their constitutions to the extension of cooperative production or common ownership.

Moreover, under profit sharing and added value sharing schemes, trade unionists are likely to continue to seek to secure a larger slice of the cake by pressing wage claims. With cooperative productive societies, on the other hand, the enterprise is run in the interests of the worker-members and the Mondragon cooperatives have shown what this can achieve.

Dr Copeman suggests employee shareholding and value sharing should be encouraged by corporation concession. May I suggest a large increase in the rate of corporation tax payable by large companies unless they convert to a cooperative common ownership basis. This would encourage such large companies to make such a change and it would make a bigger contribution to an equitable incomes policy than the ICI added value scheme?

If controls on dividend increases are discontinued, I feel that a trade unionist might feel disinclined to let their wage claims to 5 per cent in 1978-79 as Mr Callaghan would like them to do. If, ever, a production general were organized on a cooperative basis, as Mr Callaghan proposed in the 1950 Labour Party conference, prospects of restraint might be considerably brighter. It would also be more to extend "social ownership" than state sharehold in conventional companies.

Yours faithfully,
PAUL DERRICK,
Secretary,
Cooperative Federation Ltd,
50 Wandsworth Bridge Rd,
London, SW6,
January 23.

The out-of-stock answer

From Mrs J. Korman

Sir, I refer to your page edited by Margaret Stone (December 31) and the article by Francis Kinsman—"Salutations to the Shoppers". Let me quote below:

"However, after solemnly considering my verdict, I submit the 1977 Sainsbury Prize for Monumental Obstructionism to the girl in the china department of one store, where I asked for six blue cups of a particular design. They had the same variety in pink but she refused to order the blue ones for me from the same makers on the grounds that they, the store, did not normally stock them."

"So now I have had my moon and got it out of my system. Women of Britain, I salute you and leave you with this thought—if Marks and Spencer can do it, why can't everyone else?"

However, much as I regret the attitude of the girl in the china department of one store, surely there is just as big a

blockage in the mind of Francis Kinsman.

Has he ever known Marks and Spencer to take an order for anything and get it in specially?

Much as he has every reason to feel very annoyed about the attitude encountered, from my experience there is no point in her thinking of Marks and Spencer—because they would have reacted just the same.

Indeed, most of the multiple stores, rightly or wrongly, operate on the principle that they only want to sell what they have put on the shelves and do not want to deal with specials. On the other hand, there are still a number of stores that are prepared to obtain special orders. If Francis Kinsman claims to talk for shoppers, he wants to get with it.

Yours faithfully,
J. KORMAN,
22 Highgate Road,
Copnor,
Portsmouth,
Hampshire.

Making share buying attractive

Sir, In order to increase investment in British industry and encourage more people to become shareholders, it is essential to make sharehold more attractive.

If it is not politically practicable to remove all dividend control, Mr Healey can help, for example, by allowing a company whose export sale more than 50 per cent of total sale, to increase its dividend over its previous level by up to 20 per cent, and to be limited to 10 per cent. I would stimulate exports, increase the dividends declared and make the purchase shares more attractive.

Yours faithfully,
J. R. RIDGES,
Pymont,
16 Western Terrace,
New Brunswick,
York X03 8BW,
January 26.

CBI 67th industrial trends survey: Jan '78

1	Are you more, or less, optimistic about your export prospects for the next twelve months than you were four months ago?	More	Same	Less					
		19	63	18					
2	Are you more or less optimistic about your export prospects for the next twelve months than you were four months ago?	More	Same	Less					
		12	55	33					
3	Do you expect to increase, or decrease, or keep the same, your capital expenditure in the next twelve months, than you anticipated in the past twelve months?	a. 1. building							
		25	27	29					
		b. plant and machinery							
		64	32	3					
4	If you planned level of output below capacity in 1977, do you intend any further reduction in output in 1978?	Yes	No	Don't know					
		66	33	1					
5	Including seasonal variations, do you consider that volume of output in the next four months will be:	Up	Same	Down	N/A				
	a. Your present total order book	72	41	48	2				
	b. Your present output level plus or minus 10 per cent	14	47	36	3				
	c. Your present output level plus or minus 20 per cent	17	59	9	14				
6	Including seasonal variations, what has been the trend over the next four months, with regard to:	Up	Same	Down	N/A				
	a. Demand for your products	19	54	27	—				
	b. Demand for your products plus or minus 10 per cent	26	45	29	—				
	c. Demand for your products plus or minus 20 per cent	30	41	29	—				
	d. Demand for your products plus or minus 30 per cent	29	50	23	—				
	e. Demand for your products plus or minus 40 per cent	24	51	24	—				
	f. Demand for your products plus or minus 50 per cent	27	50	22	—				
	g. Demand for your products plus or minus 60 per cent	20	55	23	—				
	h. Demand for your products plus or minus 70 per cent	22	57	14	—				
	i. Demand for your products plus or minus 80 per cent	25	46	15	—				
	j. Demand for your products plus or minus 90 per cent	14	42	15	—				
7	Volume of total new order:	Up	Same	Down	N/A				
	a. Domestic orders	67	29	4	—				
	b. Export orders	43	49	7	—				
8	Volume of output:	Up	Same	Down	N/A				
	a. Domestic orders	31	51	15	—				
	b. Export orders	47	42	9	—				
9	Value of output:	Up	Same	Down	N/A				
	a. Domestic orders	67	29	4	—				
	b. Export orders	43	49	7	—				
10	Value of stocks at end of period:	Up	Same	Down	N/A				
	a. Domestic orders	31	51	15	—				
	b. Export orders	47	42	9	—				
11	Average cost per unit of output:	Up	Same	Down	N/A				
	a. Domestic orders	67	29	4	—				
	b. Export orders	43	49	7	—				
12	Average price at which output is sold:	Up	Same	Down	N/A				
	a. Domestic orders	67	29	4	—				
	b. Export orders	43	49	7	—				
13	Approximately how many times production is required for your present output level:	Up	Same	Down	N/A				
	a. Domestic orders	67	29	4	—				
	b. Export orders	43	49	7	—				
14	What factors are likely to limit your output over the next four months? Please tick the most important factor at each:	Price	Cost	Output	Plant	Capital	Labour	Energy	Other
		77	19	4	11	3	5	4	—
15	What factors are likely to limit your ability to obtain output over the next four months? Please tick the most important factor at each:	Price	Cost	Output	Plant	Capital	Labour	Energy	Other
		63	15	6	12	3	3	14	—

All these securities have been sold. This announcement appears as a matter of record only.



\$175,000,000

ICI North America Inc.

8 3/4% Guaranteed Sinking Fund Debentures due January 15, 2003

Principal, Premium, if any, and Interest Unconditionally Guaranteed by

Imperial Chemical Industries Limited

Smith Barney, Harris Upham & Co.

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The First Boston Corporation

Lehman Brothers Kuhn Loeb

Merrill Lynch, Pierce, Fenner & Smith

Salomon Brothers

Bache Halsey Stuart Shields

Blyth Eastman Dillon & Co.

Dillon, Read & Co. Inc.

Drexel Burnham Lambert

E. F. Hutton & Company Inc.

Kidder, Peabody & Co.

Lazard Frères & Co.

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Warburg Paribas Becker

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White, Weld & Co.

Dean Witter Reynolds Inc.

UBS-DB Corporation

ABD Securities Corporation

Basle Securities Corporation

Berliner Handels- und Frankfurter Bank

EuroPartners Securities Corporation

Scandinavian Securities Corporation

J. Henry Schroder Wagg & Co.

SoGen-Swiss International Corporation

January 31, 1978

HOWARD MACHINERY LTD.

GROUP RESULTS—YEAR ENDED 31st OCTOBER, 1977

	1977	1976
SALES	£2,000	£2,000
	74,450	69,342
PROFIT BEFORE TAX	1,512	3,258
Tax	(810)	(1,797)
PROFIT AFTER TAX	702	1,461
Minority Interests	(16)	20
DIVIDENDS	686	1,481
	(644)	(644)
PROFIT TAKEN TO RESERVES	42	837
Earnings per Ordinary Share	2.4p	5.1p
Dividends per Ordinary Share:		
Interim (paid 3rd November, 1977)	1.045p	1.045p
Recommended Final (to be paid 1st April, 1978)	1.188p	1.188p
	2.233p	2.233p

Tax charged consists of Overseas tax £722,000 (1976 £1,327,000) and United Kingdom tax £88,000 (1976 £470,000). Of the total 1977 tax charged, £163,000 is deferred.



BY THE FINANCIAL EDITOR

Tobacco leads BAT profits up

It might over the past few years have been expected that BAT, the world's largest tobacco company, would have been able to diversify into other areas. But the company has simply managed to demonstrate that tobacco is where its growth lies and that none of its diversification attempts have been successful. In fact, the company's profits have risen sharply, up from £37.4m to £53.4m, a 43 per cent increase. This is due to a number of factors, including a 10 per cent increase in the price of cigarettes, a 10 per cent increase in the price of cigars, and a 10 per cent increase in the price of tobacco. The company's profits are expected to rise further in 1978, as it continues to expand its operations in the United States and other markets.

prepared to speculate on recovery. However, the continuing downward trend in pulp prices could indicate that Reed's crippling Canadian problems are going to get worse before they get better whatever the long-term outcome of the group's present de-gearing policy. And until the Canadian pulp difficulties are resolved the shares are unlikely to make further progress.



● Harrison & Crosfield yesterday gained undisputed control of Harcross by declaring its offer unconditional after gaining public acceptance of just 13.9 per cent which pushed its holding and that of subsidiaries to 50.7 per cent. A consortium of Rothschild Investment Trust, whose chairman is Mr Jacob Rothschild (above), McLeod Russell, Sipef SA and Hume Holdings immediately accepted the offer.

The consortium holds 14 per cent and had been standing in the market for up to 29.9 per cent of 90p a share against the H&C cash offer of 82p and the equivalent of 81p on the alternative H&C paper offer. The Harcross share price last night dropped 9p to 82p.

McLeod Russell and Rothschild have now gone down to their second defeat having been already beaten over Molloy. But it is costing H&C potentially £191m (if the cash alternatives are taken) to gain absolute control of two companies it thought it already controlled. On the same basis net tangible assets will drop from 241p a share to 221p a share. If the paper alternatives are accepted net tangible assets increase slightly to 244p, but will involve increasing the issued shares by 25 per cent and will certainly lead to dilution of earnings.

The structure of the group will be radically altered by these takeovers (five other companies will become H&C subsidiaries although two will be deconsolidated), but the attention is now on London Sumatra, for which RIT, McLeod and Sipef are bidding 110p a share cash. There has been no response from London Sumatra or H&C (which with associates has 43 per cent compared with the consortium's 26 per cent). The market is expecting a counter-attack although the shares shed 9p to 111p yesterday. Having failed with its Harcross ruse, the consortium has little chance of success, but may extract a higher price.

Wall Street Third market casualty It now looks as though Weeden & Company's third market operations will succumb to negotiated commissions on Wall Street. At a time when the Securities and Exchange Commission is forcing through the imposition of competitive brokerage charges nearly three years ago, is set to break up exchange floor monopolies by eliminating off-board trading restrictions, it is perhaps inevitable that the Maverick third market should suffer. But said, too, that its innovator and greatest practitioner Donald E. Weeden should have to throw in the towel to concentrate on other aspects of his securities business and even apply for membership of the New York Stock Exchange.

Weeden's third market business—a competitive block trading operation in institutional stocks outside the traditional market—was legendary in its time and highly profitable too. But cut-throat rate competition and a dreadful market caused losses by the Weeden holding company of \$6.1m in the first quarter to December. It has been estimated that the "Weeden" has necessitated a revaluation of this activity. Weeden said. The end of another era on Wall Street.

In the present pursuit of higher labour productivity in United Kingdom manufacturing industry it is important not to lose sight of the fact that this is only one aspect of a very complex subject.

Higher productivity in its general sense implies better utilization of existing resources. We must, however, be prepared to define productivity much more specifically than this if we are to get any further.

The general definition of total productivity as the ratio of what you get out to what you have put in is an all embracing measure with severe computational problems. However, to fall back on partial productivity measures, such as added value per employee, and to treat this as a proxy measure of total productivity is totally misleading. It is not as if we have that each British Leyland employee produces only 37 per cent of the added value produced by each Toyota worker, but it is equally true that each pound of capital employed in Toyota produces only 22 per cent of the added value produced by each pound of capital employed in British Leyland.

There are two ways of generating a change in any particular partial productivity measure, such as added value per employee. The first, and easiest, is to substitute one input for another—by putting in more capital the output of the existing labour can be increased and added value per employee will inevitably rise. The question is whether such capital investment is worthwhile on rational economic grounds.

The second is to manage the existing resources more effectively. This should maintain or improve all partial productivity measures, the three most useful being:

- Labour: net output per employee or net output per £ of employee cost.
- Capital: net output per £ of capital investment.
- Material: net output per £ of materials input.

So in what sense does British Leyland have lower "productivity" than Toyota? Its labour productivity is certainly lower, but its capital productivity and material productivity are both considerably higher.

We have already seen that the difference in labour productivity is partly due to the direct exchange of capital for labour, but it is also partly due to the much less integrated nature of Toyota's manufacturing operations. One is therefore not comparing like with like any more than one would be in comparing the added value per employee in the clothing industry (£1.853 per annum in 1973) with the added value per employee in the chemical industry (£5,026 in 1973)—much of the difference is necessary to support the capital structure appropriate in the particular industry.

One final point of comparison is the cost of labour itself. This is one element of the added value. The average wage/salary per employee in BLMC was £2,395 in 1974 and in Toyota was £3,157 pa.

It is obviously more meaningful to concentrate on productivity in the sense of the unit of labour cost, since the former provides an objective absolute measure, whereas the latter is necessarily arbitrary. However, this brings us to the general problem of the effect on unit costs of the costs associated with oil inputs.

In a recent comparison between two plants producing more or less identical products on similar machinery within the same multi-national company—one plant in the United Kingdom and one in a comparable northern European country—it was indeed discovered that in terms of physical output per employee the United Kingdom plant lagged some 15 per cent behind the European one. However, the unit cost of the output in the European plant was 40 per cent higher than in the United Kingdom plant. The productivity gain in the European plant was more than offset by the effect of the considerably higher European wage rates. In market terms the European plant appears to be viable in its home market, and in supplying exports only because the United Kingdom plant cannot produce sufficient output.

It is not only Holland that is suffering from the Dutch Disease of pricing itself out of world markets.

Factors in productivity that should not be overlooked

Colin New argues that measurement of productivity should not focus solely on the performance of labour. Using other yardsticks he finds, for example, that:

- Each pound invested in the British Steel Corporation produces 2.1 times as much added value as each pound invested in New Nippon Steel of Japan.
- Each pound's worth of material put into British Leyland produces 2.68 times as much added value as each pound of material put into Toyota.

ductivity are both considerably higher.

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It is not only Holland that is suffering from the Dutch Disease of pricing itself out of world markets.

This poses something of a dilemma: low labour productivity in United Kingdom plants discourages new investment and because labour cost is already much higher in Europe the justification for labour saving capital investment is much greater. In European plants than in United Kingdom plants. However, where the investment is to be made in order to increase total output with the existing

labour/capital ratio, it would appear to be most economic (other things being equal) to invest where the unit cost is lowest. For a multinational company this will usually imply investment where labour costs are lowest, unless this advantage is more than offset by poorer labour productivity and lower capital utilization.

However, as we have already said, the level of labour productivity and hence capital utilization achieved with a given labour/capital ratio is largely dependent on good management of the manufacturing process. Moreover, the usual basis for labour productivity comparisons tends to be "the employee" and many differences in observed labour productivity based on "paid hours" are due to differences in the time actually worked rather than to any difference in work rate.

So, if a Dutchman and an Englishman work at the same rate for 40 hours and 36 hours respectively, the reported labour productivity is greater in Holland, although the unit cost may well be lower in the United Kingdom.

We may, of course, say that this is all very well, but that as a nation we have to take account of a higher paid nation along European lines. However, it becomes impossible to pursue a general policy with such an objective. What does seem

clear is that the higher labour productivity levels in Europe can be and indeed have to be paid for. Labour force negotiations are often quite prepared to improve productivity in order to pay for an annual pay increase of, say, 25 per cent. The challenge is a management one: to identify changes in work methods which will pay for the increase, by putting them forward as part and parcel of the wage deal and to make them work in practice. Only in this way can British industry achieve the productivity and wage levels of our major competitors.

Such a route requires changes in attitude in both management and unions, but at least it has obvious positive benefits to both.

Concerning productivity comparisons of the type generally being quoted we can conclude:

- (1) Productivity measures do not necessarily reflect changes in the "efficiency" of production.
- (2) Changes in total productivity are not reasonably measured by changes in output per man hour.
- (3) Increases in output per man hour do not necessarily imply lower unit costs.
- (4) Increases in output per man hour do not necessarily warrant parallel increases in wages per man hour unless we wish to be afflicted by the "Dutch disease" as well as the "British malaise".

But the major point is that productivity is not in any way necessarily tied in with profitability. This can be seen in the case of Toyota and New Nippon Steel. Both are doing very nicely in terms of labour productivity, but in 1974 Toyota had a net return after tax of a mere 2.75 per cent and Nippon Steel of only 1.06 per cent on very large investments.

If we are to make arbitrary comparisons of productivity can we at least agree that both labour and capital productivity are important and measure productivity appropriately?

The author is Lecturer in Production Management at London Business School and was author of a survey, "Managing Manufacturing Operations", published in 1976 by the British Institute of Management.

*A number of the figures quoted are taken from "The Economic Ingredients of Industrial Success", by E. Jones, The James Clayton Lecture, The Institution of Mechanical Engineers 1976.

The German chemicals industry suffers a reaction

The chief executives of West German chemical companies are finding themselves in a new and uncomfortable position. After long being regarded as a classic example of growth, the sector has developed growing pains.

In the years after 1950, as West Germany grew from a war-torn and then in affluence, the industry expanded at an above average rate. Cheap imported oil, the development of new products and the discovery and opening of new markets opportunities enabled it to quadruple its production.

A correspondingly high rate of investment produced what is arguably the most concentrated and sophisticated infrastructure for chemicals in the world. In 1974 sales, valued by nearly 30 per cent putting the industry briefly at the top of the West German league in terms of turnover. Even the recession of the following year, when sales fell by 10.7 per cent, and production by just over 12 per cent, failed to injure the "growth" image.

In 1976 chemicals jumped back strongly, with a 13.2 per cent rise in turnover and a 14 per cent advance in the production index. The 1976 recovery was interpreted in the industry as a sign that the old growth pattern had been restored. Accordingly, the sector entered 1977 with the expectation that turnover would increase by between 5 and 10 per cent.

The year turned out to be a disappointment. Turnover grew by a mere 1.5 per cent to about \$5,500m deutsche marks and thus lagged behind the country's overall industrial performance. While it has been estimated that West German industrial production as a whole grew by a meagre 2 per cent, the chemical industry's production index stood still.

The slowdown appears to have been caused by a number of factors, of which there are easily solutions in sight. A key restrictive factor is the state of the German economy. Last year's growth of about 2.4 per cent in real gross national product translated into a rise of only 1 per cent in the chemical industry's domestic turnover.

As the government admits that its own target of 3.5 per cent real growth this year is ambitious, it would seem unlikely that the industry will receive the support from domestic demand.

At the same time, the sector is finding it more difficult to maintain its position in export markets and is coming under greater pressure from imported products at home. Export sales last year rose by between 2 and 3 per cent, while foreign suppliers increased turnover on the German market by about 15 per cent.

Two important factors behind the concern, because offsetting the advantages of modern plant and sophisticated infrastructure, are the high cost of labour in Germany and the effects of the rise of the Deutsche mark—in particular against the dollar.

German labour costs are among the highest in the world, outstripping in terms of units of production those in the United States and standing at about twice the level prevailing in Britain or Japan. The fall in the dollar has, it is true, reduced the price of many raw materials, but selling prices are also to a large extent quoted in dollars. According to Professor Rolf Sammet, chairman of Hoechst AG's managing board, the devaluation of the dollar is costing five times what it saves the industry.

Profits have therefore come under pressure. It is tentatively estimated that overall they declined by about 15 per cent last year. In certain sectors losses are heavy. None of the producers of chemical fibres are operating in the black. Over the past year the capital-intensive bulk plastics sector has been showing similar symptoms of over-capacity and hence of operating at a loss.

According to Professor Matthias Seefelder, chief executive of the BASF group, who is also president of the West German Chemical Industry Association, the European Community's bulk plastics plants are operating at only 70 per cent of capacity. The West German industry has also to cope with a special problem arising from the successes of the country's heavy metal makers in selling complete chemical factories to the Comecon nations. Many of these plants have been sold in return for goods they produce, rather than cash. Soviet polyethylene, for example, has been offered in West Germany at 40 per cent below prevailing market prices. But although the outlook for this year may be grim, the industry's managers have grounds for a certain amount of optimism about the future. The industry has invested and does invest a great deal in research and development. It boasts that it is the most research-intensive sector of German industry and its annual expenditure on R and D runs at about DM4,500m. This represents about one third of the cash spent by the whole of industry on R and D while the chemical industry's share of overall sales is about 11 per cent.

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However, it is questionable whether labour alone will suffice to maintain the industry at its present size on its home territory. Another growing trend will be the expansion of investment abroad, as the markets hitherto served by direct exports from the Federal Republic. So far the favoured area for expansion has been the United States. The big three chemical groups—Bayer, BASF and Hoechst—already employ about 32,000 workers there.

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Bayer has just completed the acquisition of the medium-sized pharmaceutical company Miles Laboratories.

So far investments abroad have been successfully sold to the workforces in West Germany to be necessary to preserve jobs at home.

How far this argument will stand up in the future is open to question, though. Over the past three years the overall labour force of the German industry has been on the decline, falling from about 578,000 in 1975 to 552,000 last year. A further small decline of just under 1 per cent is forecast in 1978.

Professor Seefelder has spoken of 1978 being a "year of destiny" on the wages front. Although it is part of the politics of German industrial relations for the employers to paint a black picture of their industry before a round of wage bargaining, a high wage settlement or serious strike action this year could indeed tip the balance in favour of a sharper reduction of the labour force. They could also bring cutbacks in capacity "at home" and increased investment abroad.

Peter Norman

Business Diary: 'Dr' Murray's casebook • Customs disunion

Murray, who is to be chairman of the National Investment Fair, is one of the band of managers who have themselves "company".



Angus Murray: Fairley tale success?

As people like Sir Nicholson, now of Rothchild, and David of Dalgety and Crest on, and of course, Sir Brown, who comes from the Hambers stable as Sir Ian heads the advisory group run by a with which Murray is closely involved for years.

Murray's best known doctoring—the revival of Worcester engineering Redman Heenan—was at the inspiration of Redman's advisers, in

man has now returned to profits last year were out, when Murray's losses were above £2m. A close call and not at situation he will find Engineering, which he bought from the Redman-free part of the £20m reflected in the NEB.

Whether it is Murray's move into the national, which is enough to any company doctor stop of how things have. These days it seems a NEB wants all the doctors it can get, for Michael Edwards of Leyland and Sir John of Alfred Herbert may

it is only to be replaced by other impediments, this time to do with differing VAT rates, health protection, currencies and anti-drug smuggling precautions.

These and kindred points have been put forcibly to the Customs Union Administration at a recent conference organized by it in Brussels under the title "The European Citizen and the Customs Union".

The union asked a member of the Commission's consumers' consultative committee, Britain's Eirlys Roberts, to chair the conference, and Davidson and Pingel have undertaken to do something about the gripes that Mr Roberts uncovered.

An explanation of the strengths and weaknesses of customs union is promised by the time holiday travel gets under way in June. The CUA has noted the conference's demand for more generous allowances on personal imports of alcohol and tobacco and for an end to the "abnormal phenomenon" by which European shoppers can pay tax twice over, once on purchase and again on importation.

Lastly, there was a warning that consumer protection itself can be used as an excuse to create new barriers at will. The final recommendation of the conference was that freedom of movement can be achieved only when the creative talent that goes into devising such barriers is diverted into dismantling them.

Godfrey Messervy, the managing director of Lucas Industries, told us yesterday that a 33-year-old electrician

employed at the company's plant at Sudbury, Suffolk, had helped Lucas to put one over its principal rival, the German firm Bosch.

Last year, CAV, the group's big diesel injection subsidiary, was, in Messervy's own words, "bussing a gut" to increase production to win a contract in supply Volkswagen's diesel-powered version of the best-selling Golf.

This was a goal close to the heart of the Lucas management, which until the last war had been licensed by Bosch to manufacture diesel injection pumps. VW offered an opportunity for the one-time pupil to displace the teacher.

Barry Chitcock, who joined CAV in 1974 after 12 years in the RAF, came up with a scheme for a new electrical "tele-control" panel which coped with six machines instead of two. It was so good that it was immediately extended to all 750 machines in the plant.

Yesterday Messervy presented Chitcock with a cheque for £2,300 (tax free) and tickets for a holiday for two in the United States and the Caribbean. The electrician took the top three prizes in the group's annual suggestion scheme, which started in 1922 with a top prize of £20.

Overseas construction is big business for Britain—last year contractors picked up new work worth more than £1,700m—and could be bigger still, says the industry's leading official, help forthcoming from the Government.

Now the Export Group for the Construction Industries, with the "enthusiastic cooperation" of the Foreign Office, is doing something to see that contractors receive better help once they are in the field.

This week about 20 commercial officers in diplomatic posts overseas are in London for a crash course on the construction industry and how they can help it to secure overseas contracts. They have flown in from areas which British contractors see as offering the best chance of picking up new work. Among them are Our Men in Abu Dhabi, Jeddah, Kuwait, Doha, Damascus, Jakarta, Bangkok, Bogota, Yuzo, Tokyo, Warsaw and Lagos.

I have had a letter from what appears to be an American company, the Institute for International Research. The writer managed to get wrong both the spelling of my name and my position with the paper.



BCCI Holdings (Luxembourg) S.A.

39 Boulevard Royal Luxembourg

1977 December 31

Capital Funds exceedUS\$105 million

Total Assets exceedUS\$2.1 billion

The BCC Group now has 145 offices (including those of subsidiaries and affiliates) in 31 countries.

Principal subsidiaries of the Group:

- Bank of Credit & Commerce International S.A., Luxembourg
- Bank of Credit & Commerce International (Overseas) Ltd, Grand Cayman
- Banque de Commerce et de Placements S.A., Geneva, Switzerland
- BCCI Finance International Ltd, Hong Kong
- Credit and Finance Corporation Ltd, Grand Cayman

FINANCIAL NEWS AND MARKET REPORTS

Howard Machinery manages to make up part of the leeway

By Bryan Appleyard

Howard Machinery, the Rotavator agricultural equipment company, made pretax profits of £1.5m in the year to October 31 after only breaking even at half-way.

However, the profits were well down on last year's £3.26m though sales managed a 7.4 per cent improvement from £69.3m to £74.4m.

Mr John Howard, the deputy chairman, said the second half rally was due largely to some pick-up in the autumn in the French and German markets, the latter helped by a new range of wine presses. At home Harvestore and J. Mann, the distribution subsidiary, also

showed some late improvement.

Agricultural machinery markets are generally flat owing to depressed food prices and the resulting low liquidity levels among farmers. Mr Howard is currently expecting this situation to persist in the United Kingdom, which takes 25 per cent of total sales, this year with some pick-up in Europe, particularly France where the General Election should yield greater stability and confidence.

The picture is similar in the United States where a flat economy and conservationist fears about soil erosion have been overhanging the market. But offsetting the unexciting trading outlook is the hope that Howard's current reorganization programme will begin to

pay off in the current year. The number of UK plants is being cut from four to three and the foundry operation is being cut out entirely. Overseas the newly acquired Letman Manufacturing will be bringing in a full year's contribution. In balance-sheet terms the net outflow of funds during the past year has had little effect though the strength of the pound has resulted in a 10 per cent cut in the value of overseas assets.

Finally many Stock Market fears were proved groundless by the announcement of a maintained final dividend of 1.8p making a total of 3.38p gross. The shares added 2p to 34p yesterday to yield 9.9 per cent. They are selling at 14.2 times stated earnings.

Electronic Machine action on loss makers

By Tony May

Despite hopes of an improvement, Electronic Machine piled up further losses for the year to April 30, and for the following six months, so the market cut 5p from the shares to leave them at 14p. Turnover rose up from £1.6m to £2.27m over 1976-77 but a profit of £2.300 before tax was turned into a loss of £267,000. This was struck after providing £27,000 for research and development and £71,000 for slow-moving stock. The following six months to October 31 saw turnover increase to £1.82m to £1.36m, while losses were £123,000 against £162,000. The board says that action now taken should ensure that the results for the full year to April 30 next are not "materially worse" than those for the first half.

Over the past year the group has suffered a severe strain upon its liquidity, but has come through with the support of its bank. Commenting on the results, the board says that earlier indications of an improving performance by the metal pressing division were not sustained, indeed they worsened as activity in the consumer durables and motor car industry slackened. Furthermore, the group did not achieve the expected production of its new instrument range.

These two companies account for the losses made and the group has taken firm management action to put things right.

Contracts have been exchanged for the sale of three of the group's premises for £500,000, and the sale of a further property is being negotiated. The board hopes for a reduction of group borrowings of about £350,000 as a result. Group overdrafts were revalued in April 1977 to give a surplus of £147,000. Most of this has been realized and the proceeds credited to reserves.

Stock markets

Shell drivers jolt equities

The Shell tanker drivers' decision to jolt the 20-shilling and substantial wage claims from gas and rail workers caused widespread losses in the equity market yesterday.

Leaders were not helped by a cheerless CBI survey and of the constituents of the 30 share index only one stock, GKN, could manage a small gain.

After having been 5.5 points down at one time, the FT index rallied throughout the afternoon and after very quiet inter-office trading, closed at 467.0 showing a net fall of 3.0 for the session.

The institutions are still standing on the sidelines as many fund managers adopt a

Building nuclear power stations is a big part of Whessoe's business and the Government's decision to proceed with the new nuclear stations with British AGR reactors was just the news Whessoe had been waiting for. North Sea work is still scarce but it seems that the group is raising profits this year to September from £2.4m to around £4m. At 92p Whessoe is valued in the market at only £8.3m.

"wait and see" stance. With the prospect of further rights issues next month, a long and short "cap" still in the gilt market, liquidity levels are not yet posing many problems. As the rallies become less and less effective, some managers are already talking about the index reaching the 500 level before long.

Gilt again went easier through the session with "longs" losing a quarter to three-eighths and short edged stocks closing up to three-eighths off. Hardest hit among the "blue chips" were Glaxo down 10p

to 578p. Beecham, shedding 8p to 632p. Courtaulds 7p off at 120p and GEC at 253p. Boots at 207p and Metal Box at 298p all easing 4p. Boverat at 175p, Dunlop at 84p and ICI at 342p marked time on the day while GKN, against the trend, added 2p to 269p.

Nine-month figures from Reed International added 7p to the shares at 135p while BATS, reporting final results, after slipping to 20p at one point, closed 2p higher at 27p.

A return to profits after only breaking-even at the half-way stage helped Howard Machinery up 2p to 34p while, of the other group's reporting, Electronic Machines lost 3p to 18p, and Sterling Credit shed 2p to 45p.

Banks continued weak with Midland losing another 4p to 245p in front of today's earnings quotation. National Westminster closed 2p off at 265p while Lloyds at 265p and Barclays at 313p were unchanged.

News of an offer for Young Austen fuelled a 14p rise to 81p while bidder Trafalgar House lost 5p to 150p. Comet Radiolite lost 3p to 104p despite the promise of a double dividend—yet foreboded here—while takeover prospect

Henry Wigfall marked time at 263p.

Over the stores pitch House of Fraser firmed a penny, against the trend, on speculation of top management changes. Over the past week the shares have risen from 134p. Sears, another firm spot listed with buyers picking up stock ahead of the annual figures and the annual dividend, shed 1p to 62p.

Harrisons & Crossfield lost 13p to 350p as the bid for Harcos, down 9p to 82p, went unaccomplished. Outstanding takeover stock London Sunstar was trimmed back 9p to 111p.

Properties, unsettled by comment of the Fitch case, continued dull with Bernard Sunley losing 8p to 202p while Great Portland edged 6p down at 312p. The sale of its Berkeley Square interests for almost £17m left Town & City only half a penny down at 151p.

Decca "A" lost 5p to 435p ahead of next month's interim while Lucas, a weak spot lately, added 2p on news of the Duccellier acquisition and Toyota deal. However the shares slipped back to finish unchanged at 251p.

Profit taking sliced two or three pence off several recent speculative favourites leaving Norwest Holst at 94p, Pauls & Whites at 118p, Davenport Brewery at 90p, Arthur Bell went 8p down to 214p.

Storm and flood damage claims left insurances depressed with Royal 8p off at 390p and Sun Alliance, additionally

Electronics group Muirhead dropped 3p to 182p yesterday, following the placing of the new £3m December rights issue. It is thought that around 180,000 shares passed through the market.

worried over Government sanctions, 10p down to 540p. Equity turnover on January 30 was £64.96m (12,368 bargains). Active stocks yesterday, according to the Exchange Telegraph, were BAT, BAT Dtd, ICI, GEC, Rank Org, BP, Shell, Boots, European Ferries, Graad Metropolitan, Royal Insurance, Beecham, Courtaulds, Marks & Spencer, Metal Box, Reed Int, Turner & Newall, Gemmens, Howard Machinery, Wilkinson Match and Young Austen.

Charterhouse

Increased profit in difficult year

The Group

The Group pre-tax profit for the year ended 30th September 1977 was £8.5 million compared with £7.4 million for the previous year. Most companies achieved record profits and there would have been a very considerable increase in Group profit overall, had it not been for losses in the activities of two industrial subsidiaries.

The Group has continued to rationalise and consolidate those activities most severely affected by the recession whilst it has invested in those companies whose products or services will benefit from an improving economy.

Dividend

The Directors have recommended a final dividend of 2.175p per fully paid ordinary share making a total distribution for the year of 3.355p. This is the same distribution as last year but on an increased share capital.

Future Prospects

Subject to any unforeseen circumstances, I believe that in 1978 we shall be reporting a significant increase in profit. This will result not only from improvements in trading conditions but from first time contributions from oil and new investments as well as the result of our actions to improve the activities which have faced severe problems during the last year or so.

from the Statement by the Chairman, G. N. Mobbs

Results in Brief	1977	1976
Capital employed	89,626	89,763
Profit before interest	13,676	12,193
Profit before taxation	8,506	7,413
Profit after taxation and minorities	5,161	3,488
	pence	
Earnings per ordinary share	5.734	4.613
Dividends per ordinary share	3.355	3.355

The profit before taxation of £8.5 million showed an increase of 15%. Record results were achieved in many sectors including:

- Newage Engineers, particularly in the Electrical Division where a rapid recovery from the overseas cut-back in orders was achieved
- Spring Grove Industrial Services, with its eighth year of consistent profit growth in the workwear rental industry
- Edmundson Electrical, which achieved a most impressive recovery, despite the continued recession in the construction industry
- Glanvill Enthoven, which maintained progress notwithstanding increased operating costs
- Charterhouse Japhet, after transfer to inner reserve and taxation.

Profit from development capital activities matched that of the previous year even though there were reduced trading profits in North America.

Action taken to respond to the situations in some parts of the Charcon and Alenco groups could not avoid the massive impact of the problems encountered by these companies.

All sectors of the Group are now showing the benefit of strong management and improved planning and control procedures. Substantial expenditure has been charged against the year's profit in many Group companies in developing, manufacturing and promoting new products and services, the benefits of which should be reaped in the future.

CHARTERHOUSE

Copies of the Annual Report of the Charterhouse Group Limited are obtainable from: Group Communications Dept., The Charterhouse Group, 1 Paternoster Row, St. Pauls, London EC4A 3DF Telephone 01-248 3999



Mr Tom Hudson, chairman of ICI, who had cheerful oars for the annual meeting yesterday in the shape of "further significant growth in turnover and profit" for the first time in the first three months was much higher in value than for the same period, and actual orders taken "comfortably exceeded" the much higher budget. The first quarter however fell below plan on turnover and profit because of a slow start in the first two months. But the position recovered strongly in December and output has since been racing well.

Trafalgar bid for Young, Austen

News of a takeover approach by Trafalgar House sent the shares of Young, Austen & Young up 14p to 81p. Trafalgar recently bought a further 2,500 shares at 67p in this Leicester-based beating and air conditioning contractor taking its stake to over 30 per cent. Trafalgar is required by the Takeover Code to make a full bid and has approached the board to discuss terms. At 81p a share, Young, Austen's equity is valued at about £3.3m. The Young, Austen board is discussing the approach with its advisers and is asking shareholders to ignore any documents sent by Trafalgar.

British Land again in for PIF block buying

British Land has entered the market once again for a block of shares in Property Investment & Finance. The purchase of a further 300,000 shares from a group of institutional investors increases British Land's stake in the property investment and finance group from 11.5 per cent, which it picked up last week, to about 18.3 per cent.

The consideration will be satisfied by the issue of 780,000 British Land shares for which the buyer has applied for a listing. British shares dropped 1p yesterday to 33p so the deal effectively values each share in Property Investment & Finance at 92.3p.

British Land has scope to increase its stake should it wish for before it acquired the first tranche of 500,000 shares, both the Co-operative Insurance Society and Standard Life Assurance held 500,000 shares while Pearl Assurance owned 328,750 shares and the National Westminster Bank pension fund controlled a further 320,000.

Yearling bonds up to 7 1/2 per cent

Commonwealth Development Finance has exercised its option on a further 500,000 ordinary in Belhaven Investments, which was formerly CCH Investments. This brings to one million the

Diversification offsets steel recession for J & J Dyson

By Michael Clark

The continuing recession in the steel industry has brought in its wake difficult trading so far at J. & J. Dyson. However Mr Gerald Lomas, chairman, confidently expects pre-tax profits for the year to March 31, to reach about £2.7m—a record £2.7m.

In the meantime interim figures of Yorkshire-based Dyson, which makes refractory materials and fire resisting goods, for the six months to September 30, show pre-tax profits lifted from £255,000 to £137m.

Turnover of the group has risen to £3.03m to £16.74m, pushing pre-tax margins up from 6.9 per cent to 8.2 per cent. The

interim dividend has been lifted from 1.5p to 1.95p with the board forecasting a final payment of 1.65p, making the total for the year 5.45p gross.

Elsewhere, the diversification policy pursued by the group during the last few years has minimized the effect of the steel recession and any short-term profits has been more than compensated by a substantially increased contribution from these other interests. Mr Lomas says that the group will continue with this policy in the years ahead. The forward-looking policies of the group, he adds, will enable it, in spite of the present uncertain economic conditions, to face the future with confidence.

Behind Sime Darby move

Pressures within Malaysia

Sime Darby Holdings, the international plantation and trading group, is to move its headquarters from Singapore to Kuala Lumpur. The move is expected to be finished by the end of this year, James Scott, the group's chief executive, also said that the question of the company's domicile is still under consideration. This last remark could offer a clue as to the reasons for Sime Darby's move, a move which is bound to create further controversy around an already controversial company. On the face of it, the move is logical. The bulk of Sime's MS825m (£193m) of assets is in Malaysia, and the Malaysian Division, contributed MS107m of total trading profits of MS142m (£33.3m) in 1976-77.

The legal structure of the company, moreover, has been strange, and in the view of analysts in need of re-adjustment for some time. Technically, Sime Darby is registered in London, but domiciled in Malaysia for tax purposes with

(until now) headquarters in Singapore. It is quoted in London, Kuala Lumpur, Singapore and Hongkong. Malaysia, moreover, is widely considered in South-East Asia, and indeed outside the region, as a country with considerable growth prospects. A leading member of the Association of South East Asian Nations, with valuable raw materials and manufacturing opportunities, Malaysia is an obvious base for a company such as Sime Darby.

Further complicating the picture is the rivalry between Singapore and Malaysia. The latter, in which racial tension between the majority Malays and the minority Chinese is common, feels that Singapore, in which the racial balance is reversed, takes the cream in the form of trading profits from the primary commodity industries of Malaysia.

Michael Prest

Comet puts case for H. Wigfall

With the posting of the formal offer by Comet Radiolite for Henry Wigfall & Son, Wigfall's shares are still hovering above the bid price in the hope of a counter-bid.

The shares closed at 263p yesterday, compared with the offer price of about 242p, which leaves Wigfall's equity at £12.5m. The offer has so far been given a cool reception by Wigfall. Comet claims in the offer document that the price represents a premium over the net asset value at the last accounting date, although profits have fallen over the past three years to the stage where there was a loss for the half year to last October. Comet's board confirms the forecast of a substantial profit increase in the current year. And in the absence of dividend limitation, Comet will double its dividend to 7.1p gross.

BANK OF AMERICA

A headline yesterday may have created the impression that Bank of America had already sold its interest in Bank of Commerce International. As was explained in the story, Bank of America has only reached agreement with another BCI shareholder to sell its stake at some time over the next 25 years.

RICHARDSON'S WESTGARTH

Group has bought whole of Gardner, Barugh & Jones for £401,000.

GEORGE BASSETT

Group has bought Remans 'top' and 'plus' kits group from Mars for construction of £425,000 cash.

THOS W. WARD

Overall results for group are expected to show an improvement over past year.

BURMAH

Group is to help any stockholders of £50 nominal or less to sell their shares in the stock. 1978-81, 74 per cent unsecured loan stock 1981-86 and 84 per cent unsecured loan stock 1987-96. Shareholders will have to tender holdings and sell off in one or more large blocks.

Second suit filed over Airco-BOC

A second lawsuit has been filed in New York over the failure of BOC International's approach to Airco for approval to make a full bid.

The latest suit, filed in a Federal District Court by Mr Milton Fisher, claims that Airco's rejection of BOC's bid approach has deprived Airco holders of the opportunity to sell their shares at \$43 a share, much more than its recent price on the New York stock exchange.

Airco turned down BOC's offer of a full bid at \$43 after agreeing that BOC should raise its stake from 34 to 49 per cent at that price.

Mr Fisher charged that Airco's directors had rebuffed BOC "to avoid the risk of losing their positions" if Airco were taken over. The suit names as defendants Airco and 10 of its 13 directors.

His suit was brought as a class action, a designation that, if accepted, would mean it is on behalf of all Airco holders who want to sell stock to BOC. The suit asks for damages— the difference between \$43 a share and the price at which Airco shares could otherwise be sold.

Business appointments

New group finance director for Cadbury Schweppes

Mr Michael Gifford has been named group finance director of Cadbury Schweppes from the end of March. Mr Gifford will be succeeded as chief executive of Cadbury Schweppes Australia by Mr John Urquhart, managing director of the Australian company's confectionery division.

Mr Angus Murray, chairman of Redman Heenan International, has been appointed chairman of Fawcett Engineering Buildings, a wholly-owned subsidiary of the National Enterprise Board and the new holding company for those Fawcett group companies recently purchased by the NEB.

Mr Edward Rayne is to succeed Mr Eric Crabtree as chairman of Debenhams fashion multiple division. Mr Crabtree remains chairman of Hardy Amies and a director of Debenhams. Mr Rayne also becomes chairman of Harvey Nichols, Lorus, Cresta, Silla, Debenhams (Manufacturing & Supplies), and J. & S. Bickley and remains chairman and managing director of R. & M. Rayne.

Mr J. R. S. Bone has been appointed a director of Chesterfield Properties.

Mr Norman Smith has joined the board of Elliott Group of Peterborough. Mr Peter Brodley and Mr Tony Howell have been appointed secretary and group financial controller respectively, following the retirement of Mr John Wilton.

Mr W. M. Peacock has been made deputy chairman of Nardis & Peacock.

appointed managing director of Crescent Unit Trust Managers.

Mr R. W. Halsey has joined Sir Andrew Searle as chief executive of its electrical and mechanical services group.

Mr P. A. Small has joined the board of British Electricity International as a full-time projects director.

Mr K. D. A. Prior has been made managing director of Cornelius Chemical in succession to Miss S. Gately.

Mr Ian Willis has been appointed managing director of Fawcett Engineering Buildings, a wholly-owned subsidiary of the National Enterprise Board and the new holding company for those Fawcett group companies recently purchased by the NEB.

Mr Edward Rayne is to succeed Mr Eric Crabtree as chairman of Debenhams fashion multiple division. Mr Crabtree remains chairman of Hardy Amies and a director of Debenhams. Mr Rayne also becomes chairman of Harvey Nichols, Lorus, Cresta, Silla, Debenhams (Manufacturing & Supplies), and J. & S. Bickley and remains chairman and managing director of R. & M. Rayne.



-Managerial-Administrative-Secretarial-Personal Assistants-

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Our Courses Department requires an Administrative Assistant to play a key role in selling (and hiring out) our range of packaged courses.

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- Processing postal and telephone orders.
- Issuing despatch instructions.
- Handling enquiries, advising on material and supporting equipment (including video) required.
- Close liaison with production, marketing, accounts.

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P.O. Box 433,
The Institute of Chartered Accountants in England and Wales,
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Tel: 01-628 7060

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Hannah Seaborn,
The Personnel Officer,
THE LEISURE CIRCLE LIMITED,
Fourth Floor, York House, Empire Way,
Wembley, Middlesex.

The Managing Director's Secretary & Personal Assistant

circa £4,000 p.a.

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Applications are forwarded to the client concerned, therefore companies to which you are not interested should be listed in a covering letter to the Position Number Supervisor.

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Application form from Robert Williams, Royal Town Planning Institute, 28 Portland Place, London W1M 4BE (Telephone 01-638 5107). Closing date for applications 15th February, 1978.

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Director-General
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